DEPARTMENT OF DEFENSE APPROPRIATIONS FOR 1953

TUESDAY, FEBRUARY 5, 1952

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D. C.

The subcommittee met at 10:10 a. m., pursuant to recess, in the caucus room of the Senate Office Building, Senator Joseph C. O'Mahoney (chairman of the subcommittee) presiding.

Present: Senators O'Mahoney, Chavez, Hill, Ferguson, Saltonstall, Young and Thye; also present by invitation: Senator Sparkman.

DEPARTMENT OF THE ARMY

SALARIES AND EXPENSES

STATEMENT OF HON. KARL R. BENDETSEN, ASSISTANT SECRETARY OF THE ARMY (GENERAL MANAGEMENT), DEPARTMENT OF THE ARMY

COMMITTEE PROCEDURE

Chairman O'MAHONEY. The committee will please come to order.

In order to conserve time this morning, both for members of the committee and for the Secretariat, the Chair will undertake to ask that the Secretary of the Army and the Secretary of the Navy and the Secretary of the Air Force present briefly the prepared statements which they have, after which Secretary Lovett will return to the microphones—that is the proper word to use nowadays in hearings—and we shall ask him some questions. But in the meantime I think that it would be well, because of the delicacy of the instrument which is under wraps here, to ask Secretary Lovett to display that before the questioning begins; and, if the members of the committee are agreeable, we will proceed in that manner. I think it will enable us to get the main presentation concluded by noon, when many of us have to be on the floor; and, if the questioning has not been completed at noon, we shall carry that on another day.

Secretary Lovett must appear before the Atomic Energy Committee, as I understand it, tomorrow.

Mr. Bendetsen, I understand you are appearing in place of Secretary Pace this morning because of the fact that he has to appear before the House Appropriations Committee.

Mr. BENDETSEN. That is correct, Mr. Chairman.

Mr. Chairman and gentlemen, the Army's request for the fiscal year 1953 budget now before you totals in the aggregate $14,200,000,000.

This is for new obligational authority. It does not make provision for such military construction as may be necessary. As you know, the authority and appropriation requests for military construction reach the Congress separately.

For the fiscal year 1951, Congress in that year appropriated for the Army in the aggregate $19.3 billion. For the fiscal year 1952, the appropriation for the Army was $20.8 billion. Thus, it will be seen that the Army's request for the current fiscal year forthcoming, fiscal year 1953, is over 25 percent less than for either of the two preceding years. The Army is deeply aware of the solemn trust it bears, not only to account for every dollar of these vast sums and to spend them wisely and effectively but also to conserve them in every feasible way.

With that in mind, our purpose here today is twofold: It is, first, to tell you in a brief way during this hearing why we feel that it is necessary, to sustain our part of the national security, that our request be approved; and, in the second place, to describe to you briefly some of the economies and also the conservation measures we are taking in an effort to carry out this part of our solemn trust.

I should like to proceed, Mr. Chairman, with your permission, by a request that I place the entire statement in the record, but I would like to make before you now extracts of the statement.

Chairman O'MAHONEY. That will be done. All members of the committee have copies of the full statement.

(The prepared statement follows:)

STATEMENT OF THE ASSISTANT SECRETARY OF THE ARMY

Mr. Chairman and gentlemen, the Army's budget request for the fiscal year 1953 now before you totals $14,200,000,000 of new obligational authority. This does not make provision for such military construction as may be necessary. As you know, the authority and appropriation requests for military construction reach the Congress separately and will be later submitted by the President.

For the fiscal year 1951 Congress appropriated for the Army an aggregate of $19.3 billion. For fiscal year 1952 the appropriation for the Army was $20.8 billion. Thus it will be seen that the Army's request for fiscal year 1953, though very substantial, is over 25 percent less than either of the two preceding years. The Army is deeply aware of the solemn trust it bears, not only to account for every dollar of these vast sums and to spend them wisely and effectively but also to conserve them in every feasible way. My purpose today is therefore twofold. It is, first, to tell you why we feel it is necessary to the national security that our fiscal year 1953 request be approved by the Congress and, second, to describe to you some of the economy and conservation measures we are taking to carry out this solemn trust.

REACHING OUR PREPAREDNESS GOALS

You will recall that underlying each of our budget requests since the Korean war began in June 1950 has been a program designed to enable the Army to reach a certain degree of readiness by a certain time. To date we have made great progress toward these goals. The Army's manpower has risen from 591,000 to 1,560,000. The meager forces with which we started in Korea have become probably the most effective fighting Army ever assembled, and we have been able to sustain this Army while building a production base at home almost from the ground up. Deliveries of hard goods have risen from about $17 million for the first month after Korea to $427 million for the month of December 1951, a twenty-five-fold increase in 18 months. Our research and development program, with the aid and assistance of our ablest scientists, has made great strides toward its twofold objective of building up our fire and striking power while finding ways to economize and save strategic materials. At the same time, labor and industry have joined with us in developing a growing production base capable of rapid expansion in time of all-out mobilization.

Thus, with the appropriations the Congress has made available over the past 2 years, we have acquired a momentum which is carrying us successfully toward our preparedness goal. But, if we are to be strong enough to deter, if possible, an intending aggressor and to defend ourselves should he attack, we must not now falter in continuing to maintain and strengthen our production base, to support our forces in being, to improve our weapons, and to build up a strategic reserve of war matériel. The smaller request for fiscal year 1953 will permit further progress toward these goals, but at a lesser rate over a longer period of time. This stretching-out process reflects the careful decisions of the executive branch made to achieve a more balanced national economy during the long period of international tension that probably lies ahead.

PROGRAMS FOR FISCAL YEAR 1953

With this background in mind, I now turn to the major programs for which our 1953 budget has been prepared. First, in the field of procurement and production, the appropriation requested totals $3,685 million—some $6.4 billion less than in fiscal year 1952. We now expect that the volume and rate of production will become satisfactory sometime this spring, or about a year and a half after the Army's procurement effort went into high gear with the second supplemental appropriation for fiscal year 1951. This period confirms our previous experience in mobilizing industry and also confirms the importance of achieving a readily expandable production base to save many critical months of time should global war be thrust upon us.

Second, the funds requested for military personnel, $4,485,000,000, will support an average strength of 1,552,000 in fiscal year 1953, or somewhat less than the average of 1,565,000 expected for fiscal year 1952.

Third, I should like to add together the much smaller items in the budget to support programs such as research and development and the Reserves and National Guard, all of which total some $1,210,000,000. The amounts asked for these items, we believe, represent the least that can be safely allocated to provide minimum essential support. But, rather than dwell on the details of these programs, each of which will be discussed at length in later hearings of the committee, I should now like to turn to the last and largest single item in the budget, the requested appropriation of $4,820,000,000 for maintenance and operations. Despite the fact that the Army has increased its size and strength over last year and has maintained a substantial force in combat in Korea, we are able to reduce our request for appropriations to cover our maintenance and operations by over $1 billion, or nearly 20 percent. In this field, the Army has a real opportunity to engage in constructive forward-looking programs for conservation, economy, and efficiency which will stretch the budgeted dollar to the limit. I should like to tell you of some of the measures which we are taking to meet this challenge.

CONSERVATION, ECONOMY, AND EFFICIENCY

Conservation of equipment

A major postwar development is the world-wide Army rebuild program. Inaugurated to rehabilitate the countless tons of equipment and supplies left scattered about the earth after World War II, this program has borne full fruit with the exigencies of the Korean conflict and the return of our troops to Europe. Carefully prepared estimates from each technical service and from each field command show that their activities under this program have actually returned about $9½ billion worth of equipment to the supply line at a cost of less than $1½ billion. This means about $7 saved in terms of new equipment for every dollar spent.

The variety of equipment repaired and restored is great indeed, ranging from clothing and tentage to tanks, trucks, and artillery to radar, radio, and telephones; to dental and X-ray equipment; to boats and bridging. At the vast ordnance automotive-rebuild shops in Japan, sometimes called the BIG–5, mountains of matériel reclaimed from islands of the Pacific and transported by LST's have been hammered back into shape at minimum cost. For example, 2½-ton trucks costing about $7,000 new have been taken from the junk heap and rebuilt from the ground up for as little as $1,000. These shops now form a huge reclamation center for Korean equipment casualties, and soldiers passing through Japan on their way to the front are given a tour to impress them with the importance of salvaging even junk for this vital process.

The Army Signal Corps in Japan has rebuilt and put back in use some $80,000,000 worth of badly needed communications equipment. In this program 24,000 radio sets and 20,000 telephones were repaired for less than 10 percent of what it would have cost to procure the equipment in the United States. Again, the Quartermaster Corps, which maintains nine maintenance shops in the United States, reports that in fiscal year 1951 alone 11,493,000 items were reclaimed and repaired at a net savings of some $79 million to the taxpayer. Had we not started these operations after World War II, we would have been in no position to obtain the savings I have illustrated. When the Korean war broke out, the cost of procuring this equipment new in the States would have been a substantial additional drain on our fledgling rearmament program.

Conservation of materials

Conservation of equipment is only half the story. In September of 1950, the Army initiated a second program to save scarce raw materials through substitution and simplification of design. Continuing tests and experimentation have resulted, for instance, in an estimated saving of 4,393,000 pounds of copper in the second quarter of fiscal year 1952 alone. This is accomplished, for instance, through reductions in weight of from 75 to 25 percent in communications equipment. We now have a carrier cable which provides three times as much message-handling capacity as the former type while using 35 percent less copper. Developments such as this not only save materials but also frequently simplify maintenance, conserve repair materials, and reduce maintenance personnel requirements.

The Army also is contributing about 49 percent of the total ferrous scrap being collected by the armed services and estimated to run about a quarter-million tons a year. We are making every effort in Korea not only to reclaim salvageable material but also to collect and turn in all scrap that would be of any utility in the defense economy. For instance, every shell case tossed aside in the heat of battle is gathered up as conditions permit and trucked from the front to swell the flow of scrap shipments back to the factories.

Economy

The Army's cost-consciousness program for the elimination of waste was inaugurated last spring for the purpose of indoctrinating every soldier with the importance of supply economy from the time he enters basic training through all phases of his Army life. It equally applies to our civilian employees.

The campaign was touched off with a message to all personnel, in which the Secretary said:

"I urge you to look for ways in which our mission can be performed more efficiently and at less cost by the elimination of waste. Waste is a crime against our country and may affect our future freedom."

The Army followed up this appeal with directives to the field for cost-consciousness indoctrination from basic training to combat service itself. Recruits now get 6 hours of instruction devoted to this subject, and they are required to memorize the cost of at least 10 items of individual equipment and clothing. More expensive equipment is plainly price-tagged where the jeep driver, gunner, or radioman cannot fail to see it day by day as he works with his equipment. Officers' efficiency reports now require a specific rating on performance in the economical utilization of supplies, equipment, and matériel. I have with me some examples of posters provided by the Third Army commander for distribution to all units, twice monthly, to develop awareness in all personnel of the high cost of defense, of the fact that they, too, pay taxes, and of the consequent importance of supply economy. The Army in the Pacific has recently organized a cost-reduction clinic at which commanders assemble each month to discuss cost reductions and management improvement.

The Inspector General is specially charged with making cost-consciousness a subject of his periodic inspections and reports, on the basis of which the Department can direct corrective action and greater effort wherever shown to be necessary. The first report in this series shows many items of individual savings, ranging from better control of overtime wages to salvage collections, to shortening periods when entrance lights may be kept on, to selling old lumber, any one of which may seem insignificant in itself but all of which taken together unquestionably represent real economy progress. The program cannot be measured in dollars and cents. Its importance lies in the cumulative effect against waste that arises when over 1½ million service men and women realize that the Government's dollars are their dollars.

Efficiency

Instilling a real feel for economy and conservation in each soldier will provide the broad base for the campaign against waste. From the top, however, must come the imaginative and far-reaching planning, supervision, and guidance which will permit us to channel and focus the efforts of the people in this base to obtain maximum efficiency at least cost in our operations. Here are some of the management-supply projects we have initiated to accomplish this purpose.

Operation Red Tape

First, the Army's Operation Red Tape has been undertaken to reduce the drain on our manpower from nonessential administrative chores. Early in 1951 we formally declared war on red tape, mobilizing the top men in the Department to investigate the necessity for every report, every record, and every procedure, and to require proof why each served a constructive purpose. We have periodically, as problem areas were identified, called upon consultants from business and industry to advise and recommend appropriate remedial actions. Our own management improvement offices throughout the Army are resolving problems each day. To take one graphic example, by changing from semiannual to annual the efficiency reports required for officers through the grade of major and by eliminating efficiency reports in the top grades of Regular Army enlisted personnel, we will save the man-hours required for making out some 270,000 individual reports.

There are more than 100 other projects currently being conducted under Operation Red Tape, ranging from tests to determine how often the time-honored daily morning report from each unit need actually be submitted, to adopting an up-to-date "newspaper" style for the preparation of intelligence reports, to a writing course sponsored by the Comptroller aimed at greater readability and less "gobbledygook," to a widespread work-simplification program. In other words, we want to cut the shackles that tie down our soldiers and bury them in unproductive and costly work. A further aspect of Operation Red Tape, however, is the equal effort we are making to simplify the channels and procedures through which other agencies, industry and the public at large deal with the Army. Our purpose is to save the time and money of others as well as ourselves.

Manpower utilization

Second, in the light of manpower ceilings, limited periods of service for reservists and inductees, and operational requirements overseas, the Army must try not to waste even one of its combat-fit soldiers. At the training division in Fort Knox we are running a special test in which 1,012 noncombat-fit male and 115 female military personnel, as well as 100 civilians, have replaced general service soldiers. The purpose of this test is to see whether substitutions for combat-fit personnel in these numbers will adversely affect the quality of training. The use of men rotated from combat in Korea will assist in somewhat alleviating personnel shortages, and the recurring surveys which I have described will have a cumulative effect in detecting and eliminating any drones in our shops, offices, and field commands. More than ever before, the individual soldier and civilian employee is our most valuable asset, all the more precious because limited in numbers.

Substitution of civilian-type vehicles

Third, many people think that the jeep is an inexpensive vehicle, cheaper in fact than the ordinary commercial car. Nothing could be further from the facts. A jeep is built to combat specifications. It must take every sort of stress and shock, requires four-wheel drive and must not cause radio interference. In short, it costs about $2,700 as compared with about $1,256 for a simple light commercial-type vehicle.

In the face of figures such as these and constantly rising costs, the Army a year ago initiated a program to substitute commercial-type vehicles for tactical-type vehicles wherever possible. This meant not only business cars for many jeeps, but also commercial-type carry-alls, pick-up trucks, ambulances, dump trucks, and even tractors. During fiscal year 1951, some 20,000 of these vehicles were substituted at a savings of over $100 million if compared with the cost of purchasing similar tactical vehicles new. Not only are there savings in the initial price, but also in gas consumption, in local procurement, mainte-

nance and supply of spare parts, and in the utilization of established commercial firms instead of Army shops and personnel.

Comptrollership and economy management

Finally, we have adopted techniques to drive home the importance of good comptrollership and economy management at each echelon of command and to protect the procurement dollar against inefficiencies, neglect, or fraud in contract management. All Army service schools are required to incorporate into their curricula for officers, courses on business management. During the past 5 years, the Army has sent some 500 officers to civilian universities for graduate-level instruction in business administration, public administration, personnel administration, and allied fields. Since February 1949 we have enrolled 67 officers in the 15-week comptroller staff officers course at the Air University, Maxwell Air Force Base. The Army Finance School at Fort Benjamin Harrison regularly graduates officers from its internal audit course, finance officers' advanced course, and techniques of review and analysis course. The cumulative effect of these educational programs is an ever-growing body of management-conscious military and civilian officials.

The Army has just initiated an improved system for guarding against inefficiency, incompetence, and fraud in our extensive procurement program. We are adding 127 officers to the staff of the Inspector General who, working closely in coordination with the other investigative agencies of the Government, will provide a continuous check on the awarding and administration of Army contracts. We have been provided an effective new tool for this work in the Senator O'Mahoney amendment to the 1952 Appropriation Act permitting the termination of contracts where it is found that gratuities were offered or given by the contractor with a view to receiving favorable treatment.

A second part of the Army's plan is the establishment of inspector general's offices in each of the seven Technical Services to assist them in keeping their own houses in order. All of the other investigative agencies of the Army such as the Army Audit Agency, which by nature of their work come into this field, are being integrated in a single watch-dog system under the Inspector General. The purpose is not to catch misfeasance after the damage is done, but to detect and prevent it at the start. The Army in establishing these tight controls has drawn heavily on the experience of World War II during which we estimate as much as $5 billion was saved through the Inspector General's review of contract awards and administration.

Conclusion

All of these measures which I have been discussing are aimed at that conservation, economy, and efficiency which the taxpayers of this country must receive from the services if we are to keep our military muscles hard and our national economy sound. We fully recognize that work of this sort is never finished and that every new measure is simply a step in the right direction. When so many of the costs in a $14.2 billion budget are fixed by the requirements of national defense, there is no other course but to strip the remaining expense of day-to-day operations and housekeeping to the bone. In this vital task, no one has given us more assistance than the committees of Congress, and we welcome your continuing scrutiny and constructive suggestions.

Procurement and Production

AMOUNT REQUESTED

Mr. Bendetsen. If we turn to the major programs involved in our total request, first in the field of procurement and production, the appropriation here requested total $3,685,000,000. This is some $6.4 billion less than in fiscal year 1952. We now expect the volume and rate of production will become satisfactory sometime this spring, or about a year and a half after the Army's procurement effort went into high gear. That was with the second supplemental appropriation for 1951. This period confirms our previous experience in mo-

bilizing industry, and also confirms the importance of achieving a readily expendable production base to save many critical months of time, should war be thrust upon us.

I should like to point out in this connection that on June 30, 1950, our deliveries of hard goods were at the rate of about $17 million a month. That is the first month after Korea; and in December of 1951 they were $427 million a month, which is a twenty-five-fold increase in a period of 18 months.

Despite the fact the Army has increased its size and strength over the last year, and has maintained substantial combat forces in Korea, we are able to reduce our request for maintenance and operations in fiscal 1953 by approximately $1 billion, or nearly 20 percent. In this field the Army has a real opportunity to engage in constructive, forward-looking programs for conservation and economy and efficiency which will stretch the budgeted dollar as far as we can.

ARMY REBUILD PROGRAM

On conservation, I should like to point out that one of our major postwar developments has been the world-wide Army rebuild program. This was inaugurated to rehabilitate countless tons of equipment and supplies left scattered about the earth after World War II. This program has borne full fruit with the exigencies of the Korean conflict, and the return of our troops across the seas to Europe.

Our carefully prepared estimates from each technical service of the Army and from each field command show that their activities under this program have actually returned about $9½ billion worth of equipment to the supply lines at a cost of less than $1.5 billion. Had we not been able to inaugurate this program, we would have had to buy new equipment and we could not in fact have carried on the Korean campaign without a substantial additional drain on our rearmament program. In short, this rebuild and rehabilitation effort has meant about $7 saved in terms of new equipment for every dollar spent.

I should like to place in the record, if I may, Mr. Chairman, a list of the type and the quantity involved of each item in the rehabilitation program, the cost that would have been involved in each case had we bought it new, and the cost of the repairs in each case.

Chairman O'MAHONEY. That will be made an addition to your testimony, sir, and if you have extra copies for members of the committee, they would be available for the questioning when it comes.

Mr. BENDETSEN. Very well, sir.

(The information referred to follows:)

Army rebuild and reclamation program items by category, close of World War II through October 1951

[Costs reported in thousands of dollars]

	Quantity repaired	Replacement cost	Cost of repair
Total		$9,491,817	$1,327,909
Continental United States		6,654,491	863,508
Overseas		2,837,326	464,401
Quartermaster Corps		762,569	161,568
Continental United States		579,430	137,591
Overseas		183,159	23,977
Clothing and textiles	46,092,345	272,883	37,080
Continental United States	21,819,068	212,736	34,097
Overseas	24,273,277	60,147	2,983
Tentage	373,864	34,475	4,291
Continental United States	172,728	19,472	4,027
Overseas	201,136	15,003	264
Musical instruments	57,053	10,601	2,534
Continental United States	51,529	9,335	2,468
Overseas	5,524	1,266	66
Furniture	795,379	20,818	5,789
Continental United States	386,443	8,649	3,934
Overseas	408,936	12,169	1,855
Office machines	534,013	75,510	13,886
Continental United States	339,805	60,567	12,634
Overseas	194,208	14,943	1,252
Materials handling equipment	109,729	74,189	23,742
Continental United States	47,578	50,693	15,918
Overseas	62,151	23,496	7,824
All other	48,215,745	274,093	74,246
Continental United States	40,819,802	217,978	64,513
Overseas	7,395,943	56,115	9,733
Corps of Engineers		388,274	74,363
Continental United States		213,582	44,073
Overseas		174,692	30,290
Boats and bridging	51,666	24,268	3,823
Continental United States	49,527	16,095	2,724
Overseas	2,139	8,173	1,099
Construction equipment	46,321	252,691	56,057
Continental United States	32,350	169,905	35,281
Overseas	13,971	82,786	20,776
Precision instruments	15,524	7,038	1,712
Continental United States	13,627	6,699	1,656
Overseas	1,897	339	56
Electrical equipment	17,813	28,168	4,697
Continental United States	5,331	7,799	1,703
Overseas	12,482	20,369	2,994
Water supply	3,600	4,158	995
Continental United States	725	1,394	351
Overseas	2,875	2,764	644
All other	15,061,415	71,951	7,079
Continental United States	32,114	11,690	2,358
Overseas	15,029,301	60,261	4,721

Army rebuild and reclamation program items by category, close of World War II through October 1951—Continued

	Quantity repaired	Replacement cost	Cost of repair
Ordnance Corps		$6,738,174	$915,100
Continental United States		4,673,716	541,056
Overseas		2,064,458	374,044
Automatic weapons—small arms	8,268,634	733,085	108,489
Continental United States	6,363,163	374,428	74,886
Overseas	1,905,471	358,657	33,603
Artillery (all types)	89,085	1,193,832	63,131
Continental United States	82,073	1,046,595	52,330
Overseas	7,012	147,237	10,801
Fire control	707,608	312,507	33,292
Continental United States	521,521	190,873	23,859
Overseas	186,087	121,634	9,433
Tanks (combat vehicles) motor transport vehicles	383,863	3,305,639	499,977
Continental United States	207,805	2,598,737	319,015
Overseas	176,058	706,902	180,962
Combat vehicles and general-purpose assemblies	2,439,149	906,978	173,945
Continental United States	934,052	413,748	61,099
Overseas	1,505,097	493,230	112,846
All other	2,061,614	286,133	36,266
Continental United States	546,968	49,335	9,867
Overseas	1,514,646	236,798	26,399
Army Medical Service		47,034	7,258
Continental United States		31,317	5,309
Overseas		15,717	1,949
Surgical	48,197	4,372	643
Continental United States	21,412	2,807	417
Overseas	26,785	1,565	226
Laboratory equipment	21,267	3,491	446
Continental United States	9,078	1,887	260
Overseas	12,189	1,604	186
Dental	54,129	6,156	767
Continental United States	38,436	4,050	504
Overseas	15,693	2,106	263
X-ray equipment	38,244	13,613	2,377
Continental United States	19,577	10,275	1,871
Overseas	18,667	3,338	506
Hospital equipment	98,539	9,867	1,178
Continental United States	65,134	4,396	671
Overseas	33,405	5,471	507
All other	42,405	9,535	1,847
Continental United States	30,222	7,902	1,586
Overseas	12,183	1,633	261
Signal Corps		473,532	55,325
Continental United States		363,292	39,747
Overseas		110,240	15,578
Radio sets	703,866	91,664	21,303
Continental United States	16,165	75,977	19,193
Overseas	687,701	15,687	2,110

Army rebuild and reclamation program items by category, close of World War II through October 1951—Continued

[Costs reported in thousands of dollars]

	Quantity repaired	Replacement cost	Cost of repair
Signal Corps—Continued			
Radar sets	1,132	$151,706	$5,849
Continental United States	1,078	145,530	5,717
Overseas	54	6,176	132
Components of radio and radar sets	2,660,114	66,286	5,396
Continental United States	275,763	45,577	2,341
Overseas	2,384,351	20,709	3,055
Other radio equipment	439,605	5,512	714
Continental United States	83,606	2,526	242
Overseas	355,999	2,986	472
Matériel common to telephone radio and radar	3,900,689	43,566	5,451
Continental United States	202,228	15,200	1,773
Overseas	3,698,461	28,366	3,678
Telephone and telegraph	2,180,081	43,388	6,373
Continental United States	113,416	20,252	2,416
Overseas	2,066,665	23,136	3,957
Meteorological	29,528	12,695	1,695
Continental United States	2,092	12,652	1,691
Overseas	27,436	43	4
Photographic	143,943	31,237	4,241
Continental United States	14,572	30,378	3,873
Overseas	129,371	859	368
All other	146,327	27,478	4,303
Continental United States	14,786	15,200	2,501
Overseas	131,541	12,278	1,802
Chemical Corps		213,557	83,676
Continental United States		204,790	82,829
Overseas		8,767	847
Protective equipment	519,162	20,178	5,395
Continental United States	9,487	14,911	4,857
Overseas	509,675	5,267	538
Service equipment	4,248,253	46,545	24,062
Continental United States	4,232,893	45,044	23,947
Overseas	15,360	1,501	115
All other	7,033,627	146,834	54,219
Continental United States	6,512,958	144,835	54,025
Overseas	520,669	1,999	194
Transportation Corps		868,677	30,619
Continental United States		588,364	12,903
Overseas		280,313	17,716
Rail equipment	11,096	89,829	11,619
Continental United States	7,135	78,748	9,058
Overseas	3,961	11,081	2,561
Harbor craft equipment	6,626	728,272	16,031
Continental United States	3,949	506,089	3,611
Overseas	2,677	222,183	12,420

Army rebuild and reclamation program items by category, close of World War II through October 1951—Continued

	Quantity repaired	Replacement cost	Cost of repair
Transportation Corps—Continued			
Major component parts	2,112	$8,262	$2,203
Continental United States	411	1,956	142
Overseas	1,701	6,306	2,061
All other	16,151	42,314	766
Continental United States	559	1,571	92
Overseas	15,592	40,743	674

CONSERVATION OF CRITICAL RAW MATERIALS

Senator FERGUSON. Might I inquire, while you are interrupted, is this program going on, for instance, in Japan, where we have some old material?

Mr. BENDETSEN. Yes, sir, it is going on in Japan.

Senator FERGUSON. And in Germany?

Mr. BENDETSEN. Yes, and in the United States.

Senator FERGUSON. All right.

Mr. BENDETSEN. I have expanded on that to some extent in the course of my statement, but I merely alluded to brief extracts here, Senator Ferguson.

Senator FERGUSON. We can ask you later about that.

COPPER

Mr. BENDETSEN. Yes, sir. I should like to point out that the conservation of equipment and its rehabilitation is only half of the story. In September of 1950, the Army initiated a second program to save scarce raw materials through substitution and simplification in their design. There have been continuing tests and experimentation. These have resulted, for instance, in an estimated saving of 4,393,000 pounds of copper in the second quarter of fiscal 1952 alone. This is accomplished, for example, through reductions in weight of from 75 to 25 percent in communications equipment.

We now have a carrier cable for the transmission of a number of messages at the same time, which has three times the message-carrying capacity of the older type, but 35 percent less copper.

FERROUS SCRAP

The Army is also contributing about 49 percent of the total ferrous scrap being collected by the services. In Korea we make every effort not only to reclaim salvagable material, but also to collect and turn in all scrap that would be of any utility in the defense economy.

Another aspect of the savings drive is the Army's cost-consciousness program for the elimination of all waste that we can identify and find. We welcome the suggestions of the committee in this program which was inaugurated last spring for the purpose of indoctrinating every soldier with the importance of supply economy from his initial day

in basic training to combat. This campaign was launched with an appeal from Secretary Pace who said:

I urge you to look for ways in which our mission can be performed more efficiently and at less cost by the elimination of waste. Waste is a crime against our country and may affect our future freedom.

In this connection, as the best measure of what can be said about the program, if I may, Mr. Chairman, I would like to introduce into the record an article that appeared in the New York Herald Tribune, Monday, February 4, 1952 on progress in the First Army alone, and an editorial that appeared on the same subject in the Herald Tribune today.

Chairman O'MAHONEY. That may be received.

(The article and editorial referred to follow:)

[New York Herald Tribune, Tuesday, February 5, 1952]

THE ARMY'S WAR ON WASTE

When the United States Army began an economy drive 6 months ago, the dubious were quick to point out that military establishments were inherently wasteful and that an Army base was no place to begin saving money. Nevertheless, the first reports are now in, and they seem to prove that money can be saved by the Army, and that its efficiency can thereby be improved rather than impaired. At least so says the evidence submitted by the First Army, which encompasses the New York area. The First Army reports it has saved several million dollars and some 100,000 man-hours since the drive on waste started, and this is something to cheer about at a time when rising costs and increasing expenditures seemingly are regarded as the basic law of the land.

Psychological warfare constitutes an important aspect of the economy campaign, for soldiers are constantly reminded, through the printed and placarded word, that they and their families are helping pay the costs of maintaining an army, and that they themselves can help keep such costs down. But even more important are the determined efforts being made to eliminate red tape and duplication, to get rid of methods that are as expendable as they are expensive. For example, Camp Kilmer found it possible to cut out or consolidate half its form documents. Fort Dix was able to reduce its gasoline consumption by 20,000 gallons a month and its fuel use by 740 tons of coal. Fort Devens, in Massachusetts, emerged from an intensified salvage program with a $300,000 contribution to the Government. Many of the suggestions that helped save time and money came from soldiers and civilians at the bases, who evidently are fascinated by the prospect of doing a job inexpensively and well at the same time.

The interesting thing about the program is that officers feel that efficiency has actually been increased through the new methods. Trainees no longer have so many forms to fill out, presumably they do not have to stand in line as many hours as did the GI's in World War II. It is an eye-opening experience to discover that ingenuity can often accomplish more than extravagance. The Army seems to be making this discovery; if other branches of the Government would follow suit many of our fiscal problems might turn out to be a good deal less insurmountable than we like to pretend.

SURVEY SHOWS BIG SAVINGS ON SUPPLIES, MAN-HOURS, WITH ARMY-WIDE PROGRAM ONLY 6 MONTHS OLD

(By Earl Mazo)

The Army's world-wide program to make all ranks conscious of the cost of equipment—inaugurated 6 months ago by Secretary Frank Pace, Jr.—has so far saved several million dollars and at least 100,000 man-hours in the New York area's First Army alone, an Army survey indicated yesterday.

A considerable amount of red tape also has been eliminated, Army officials said, and they emphasized that the program is just getting into high gear.

At Camp Kilmer, where the combined reception, processing, training, and hospital centers make for an unusually large amount of administrative paper work, more than half of the 1,000 locally reproduced forms, from mess-hall passes to medical examination reports, are being abandoned or consolidated. The annual saving accomplished was put at $70,000, including the cost of 5,000 man-hours of work by clerks and statisticians and 4,500 reams of paper and cardboard. Not included in this money and man-hour figures are the countless hundreds of hours of "filling in" on clerical tasks heretofore required of soldiers who are now free for more important work and training.

At Fort Dix gasoline consumption has been cut 20,000 gallons and $3,200 a month (the aim is to double that saving) and dozens of men have been relieved of driving duties by such devices as consolidating 55 message center "runs" into 6, rescheduling normal truck deliveries and busses, moving an ammunition dump closer to the shooting range to eliminate numerous daily round trips of 27 miles and retraining motor-vehicle drivers.

Each month a saving of 740 tons of coal, the services of more than 200 firemen and coal-truck drivers is made possible by a conservation plan that will reduce the annual bill for heating the post's 2,300 buildings by more than $250,000.

The red tape and examinations that go with processing trainees have been concentrated into a 2-day period, where it formerly took 5, by having three-man processing teams come to the units, instead of bringing the 220-man units to the teams. The resultant saving is about $1,000,000 in soldier services every 14 weeks, plus more time for the men to learn to shoot and protect themselves in combat.

At the outset of the economy campaign in August, Lt. Gen. Willis D. Crittenberger, First Army commander, wrote each of his subordinate commanders: "In this day of tremendous military budgets and necessarily rising taxes, it is absolutely essential that every member of the Army become cost-conscious."

GENERAL TAKEN AT WORD

The results to date show that the general was taken at his word, and there are indications that Army commands throughout the world have been as energetic about the program as the First Army, since the responsibility for the program has been delegated down to every Army installation and unit commander and every United States soldier. There are six armies in America, one in Korea, one in Germany, and Army commands in Japan and elsewhere.

Under the program, recruits and veterans must be as thoroughly conversant with the cost of every item of equipment they use as they are with the articles of war—in posters, pamphlets, lectures, and on the drill field and firing range, the cumulative effect of waste is stressed, and the fact is driven home that virtually every one, including the serviceman and his family, is a taxpayer.

Supply economy has become a principal item in the efficiency rating of officers. Inspector general personnel have been directed to concentrate, in 1952, on cost-consciousness in every investigation. Questions dealing with matériel cost, waste and manpower conservation have been included in qualification examinations at every level. And the system of giving awards to military and civilian personnel for acceptable suggestions has been expanded. Fort Dix personnel formerly made one or two suggestions a month.

125 SUGGESTIONS IN MONTH

In January, there were 125 suggestions and 25 were accepted, including one to improve the system for drying immunization needles (the post uses 15,000 of them a month) at an annual saving of $2,500. A suggestion at Fort Monmouth that a forecasting chart replace a cumbersome file system to compute maintenance parts requirements reduced the cost of this operation by $10,000. A Camp Kilmer civilian employee figured a way of replacing parts of troublesome heating units instead of the entire units, saving the post $2,000.

Army officials stress that economy plus efficiency is the big aim of the cost-consciousness program, and not economy alone. Soldiers will not do without things they need for the sake of saving money.

The officials contend that a certain amount of waste cannot be prevented in war and that in the rapid building of a huge war machine economy must often be secondary to performance. But the cost-consciousness program aims at

changing, or, at least, softening the traditional American attitude that cost is no object, so long as victory is won.

Requirements of the new program are such that supplies can be drawn now only on the basis of definite need, and not merely because they are authorized by regulations.

Maj. James L. Wilson, the supply chief at Fort Dix, said he sees more and more improvement in the economy attitude of officers at every staff meeting. "The responsibility to ourselves, our families and our friends, as taxpayers, is really being felt," he said.

RESULTS CLEAR

The results in a sampled segment of the Army, the New York area's 1st Army, are clear to see.

At Fort Devens, Mass., $5,000 is being saved through a new system of printing the telephone directory. During a recent move by a major unit, the cost was reduced by $30,000 when Army refueling units were sent along instead of having gasoline and oil purchased along the route, as was normally the case. The services of thirty-eight administrative clerks was saved at Camp Kilmer through one "red tape" consolidation. At Fort Dix a report system was revised, permitting one man to accomplish the work formerly done by 116.

Intensified salvage operations, a part of the program, have realized $300,000 for the Government at Fort Devens: $1,000 in waste paper alone, at the New York Port of Embarkation and more than $1,000,000 at Fort Dix.

This part of the cost-consciousness campaign includes more than saving and selling tin cans, paper, garbage and scrap metal. It has also resulted in more meticulous examination of all excess equipment to see what can be used elsewhere or in some other form. A reshuffling of engineer supplies in the New York area recently saved the Government more than $1,000,000.

COST-CONSCIOUSNESS AND SAVINGS

Mr. BENDETSEN. In the effort to cut down waste as we can identify it, we also have charged the Inspector General with making cost-consciousness a subject of his periodic inspections and reports. Moreover, we now require in every officer's efficiency report an entry as to his performance in cost-consciousness and in saving, and in leadership of those whom he commands toward cost-consciousness and saving.

Senator SALTONSTALL. Mr. Chairman, may I interrupt?

Chairman O'MAHONEY. The rule was to postpone the questioning until the conclusion of the presentation.

Senator FERGUSON. I think the Senator from Massachusetts is called to another meeting, and it would be well if we could vary that rule for this question.

Senator SALTONSTALL. The only thought that I had, Mr. Chairman, was that I think, judging from the Armed Services Committee and some of the hearings that we have had, I would be very interested if Mr. Bendetsen could elaborate a little bit on how that efficiency rating on performance on the economic utilization of supplies is carried out. Who makes the rating on the other officer?

EFFICIENCY REPORT SYSTEM

Mr. BENDETSEN. Well, of course, our efficiency report system, as we have it in the Army, Senator Saltonstall, is based, first of all, on the evaluation of each officer by his immediate superior. Second, the next superior officer endorses and puts his comments on the first evaluation, and this process is completed through the chain of command.

Senator SALTONSTALL. But, of course, none of those people have had, so to speak, experience on being cost-conscious, and this is something new that the Army has put in; is it not?

Mr. BENDETSEN. Well, the emphasis such as I have described in this program is part of a continuing effort. In that connection we are, as I point out in my statement elsewhere, undertaking to train our people who come into the Army in proper management practices and give them the criteria on which to judge and do a better job in the management field. Annually we have people for short periods of service in a time of rapid expansion, and they come in from all walks of life. Therefore, without special training and without special emphasis each time you expand, you do not get the best results. We have to depend on a lot of people with varying capacities. But we do have a management training program which I think to some extent would tend to meet the question that you asked.

Without this training, it would be harder to apply a proper management criterion to the rating of officers, and to judge this performance effectively.

CENTRALIZED PROCUREMENT

Senator SPARKMAN. Mr. Chairman, while we are at this break, I am going to have to leave to attend a meeting of the Foreign Relations Committee, and I probably shall not be able to be back until you have completed the hearings this morning. I would like to pose a question, probably not for Mr. Bendetsen to answer, but to be answered before the hearings are over. Probably it would be more for Secretary Lovett.

The thing that we hear most frequently out in the huskings, I believe, relates to purchases and the lack of a unified approach to that. We hear often over the radio and newspaper stories, and so on, differences in prices paid by the different services for identical units. I fully realize that there is an arrangement—or at least, I believe it is being worked out now—whereby there can be a variation in price and price differential in order to take care of unemployment and in order to prevent unemployment, and in order to aid small business that might otherwise fail if it did not share in the Government business; but some of these items we are told about have a tremendous spread in the amount paid by one service as against that paid by another service.

Now, somewhere in these hearings, I should like for there to be held a discussion as to what is being done to make uniform our procurement by the different services, in order that it may all be brought in line and that as much economy as possible may be practiced in procurement.

(The information referred to appears on pp. 130 to 141.)

Personally, I was in Japan some time ago, and at the same time Senator Ferguson was, and I did not get to see this Big Five rebuild operation that Mr. Bendetsen has just described, but I heard about it from a great many people. While I was there, there were four or five Members of the House who came in and did go out, and they told me it was one of the most remarkable things they had ever seen. I only regret that the work I was on made it impossible for me to get out there, but I think that that story has meant a great deal to the people of this country, because it has indicated an intense desire on the part of the Army, and other services, too, I suppose, to do some real economy work.

Now, I believe much could be accomplished if the people of the country could be convinced that the services likewise were unifying their efforts in bringing economy into the procurement of our supplies and equipment.

Chairman O'MAHONEY. Senator Sparkman, the committee is very happy to have you here as a member of the Joint Committee on the Economic Report. You did not sit with us last year because you are not a member of the Appropriations Committee, and I think that you may be interested, therefore, to know that last year this subcommittee of the Appropriations Committee went into the advisability of centralizing purchasing at great length. We attacked the diversity of price of various items, and developed facts which indicated that the Defense Departments were all aware of the desirability of centralized purchasing, and that this had been established and was being established in some degree. It was our hope, of course, that it would be carried forward very rapidly, and before this study of the budget is over I am glad to assure you that your question will be answered from every point of view.

Senator SPARKMAN. Well, Mr. Chairman, I hope it will be answered as a part of these hearings, because as I understand, these will be made a part of the records of the Joint Committee on the Economic Report, and you and I know we are working very hard toward trying to effect every economy possible, and trying to make recommendations as to how these economies may be effected.

(See pp. 130 to 141.)

Chairman O'MAHONEY. I did not want you to go away on the basis of what you have heard over the radio or read in the headlines, with the idea that the Committee on Appropriations for the Department of Defense has been unaware of this problem we have. This is just a self-protective statement that I am making, sir.

Mr. BENDETSEN. Well, Mr. Chairman, with respect to Senator Sparkman's question, I wish to assure you that we in the Army itself, and our sister services, are very much aware of the points that we have made. We are prepared here today to discuss with the committee the question referred to of price differentials apparently paid, sometimes for ostensibly the same item. However, examination will show in many cases that the items are actually different.

Chairman O'MAHONEY. We will go into that at the conclusion of the statement. Senator Sparkman has to go to the Foreign Relations Committee, and Seantor Saltonstall had to leave us to go to the Armed Services Committee, where Secretary Acheson is testifying, and so there is much competition here. We will proceed according to plan, if we may.

Mr. BENDETSEN. Very well, Mr. Chairman. Then, on that question, you do not desire that I go any further at this time?

Chairman O'MAHONEY. No.

EFFICIENCY PROGRAM

Mr. BENDETSEN. Not only are we undertaking to conserve our materials in the items required for military use, and to consume less critical and strategic materials; we also are trying to find ways to design them more simply, as I have already indicated. In addition to the rebuild program which has involved the reclaiming of hundreds of millions of dollars of equipment in each technical service, which I

have placed in the record, I shall, with the chairman's permission, place in the record some further examples of conservation of scarce materials.

(The information referred to follows:)

Army conservation program—Examples of estimated savings in critical materials for second quarter of fiscal year 1952 alone

		Pounds
(a)	Small-arms ammunition:	
	Zinc	200,000
	Copper	3,700,000
(b)	Hardware items in common use: Copper	574,000
	Hospital furniture: Copper	36,000
(c)	Armored vehicles: Aluminum	84,000
	Electric refrigerators: Aluminum	38,000
(d)	Wool liner of overcoats: Wool	95,000
(e)	Seat cushions, backrests, and upholstery, and crash pads in vehicles: Cotton duck	240,000
(f)	Gas masks: Natural rubber	25,000
(g)	Truck tires: Natural rubber	828,000

Mr. BENDETSEN. I have referred in brief, and we are prepared to expand on it at the pleasure of the committee, to our cost-consciousness program. We also are making a determined assault within the Army, and in cooperation with the General Accounting Office, on so-called red tape, particularly in the purchasing area. There has grown up over the years a number of practices which, although designed to protect against any undue expenditures or waste or fraud, have in some cases reached the point where the cost involved in following a procedure overbalances its value and it is no longer appropriate.

We have made a determined assault on our reporting system to eliminate reports that are unnecessary, and to reduce their size and their contents, to save personnel and man-hours of work.

For a graphic example, in the field of efficiency reports alone, we have been able to eliminate the making of some 270,000 individual reports per year. In the field of manpower utilization we are making a determined effort to reduce the number not only of civilian but also of military personnel. In the training division at Fort Knox, we are now running a special test in which 1,012 noncombat-fit male and 115 female military personnel and 100 civilians have replaced general-service soldiers. We are undertaking, as pointed out yesterday, to provide two more combat divisions out of the same personnel strength as we had in the preceding years. By cutting down the ratio of supporting troops and by a determined effort to save personnel across the board, we will thus increase our front-line effectiveness without increasing our personnel.

SAVINGS

During the past 6 months, these tightened manpower controls have resulted in a reduction of 5,788 military positions and 15,587 civilian positions for an estimated annual saving of $73,500,000.

SUBSTITUTION OF COMMERCIAL TYPE CARS FOR JEEPS

I should like to refer, if I may, to certain other substitutions. Many people think, for example, of the jeep as an inexpensive vehicle which is cheaper, in fact, than an ordinary commercial car. As you gentle-

men know, that is not the case. The jeep is an expensive vehicle with rather high cost maintenance. We are trying to substitute in our tables of organization, wherever we possibly can, ordinary commercial-type cars for the jeep. That means that we will be able to stock fewer spare parts, and we can depend upon the spare parts system which is already in existence in association with commercial-type cars.

Senator THYE. Might I ask of the Secretary at that point, how many jeeps did we have at the outset in Korea that were surplus, that is, surplus stocks here in the United States or elsewhere in the world? How many jeeps did we have?

Mr. BENDETSEN. I will have to furnish for the committee the exact number of the jeeps, but substantially all of them were provided out of the rebuild program.

Senator THYE. Then might I ask this further question: When you add to your fleet of automobiles, are you adding cars and then parking the jeeps in some parking lot for future consideration?

Mr. BENDETSEN. Well, to answer the first part of your question, we are first reducing the quantity of jeeps that we would otherwise buy; for each standard commercial car we buy we reduce the number of tactical type vehicles otherwise necessary.

SURPLUS SUPPLY OF JEEPS

Senator THYE. Then, Mr. Secretary, you did not have the jeeps as a surplus stock that you could draw from as you have expanded your military forces?

Mr. BENDETSEN. We are using the jeeps we have to issue to the active units, in Korea, in the United States and overseas elsewhere, on the basis of the table of equipment for each unit, and we have reduced in the tables of equipment the number of jeeps which were otherwise called for.

We, however, do have jeeps in reserve stocks in order to keep the requirements filled. They are lost in combat, for example, and when they are lost in combat a jeep has to replace one that is destroyed. We do have those stocks. But we are not doubling up; we are actually reducing the amount we would otherwise buy.

Senator THYE. That was the reason for the question. Have you surplus jeeps that are now stored in supply depots, either new or used, reconditioned, which you are not calling into active duty, and then you are buying the new cars to supply the services with the vehicles they need?

Mr. BENDETSEN. We do not have surplus jeeps, Senator.

Senator THYE. I do not know how many jeeps you might have in supply depots, and I think it would be helpful, and I know it would be helpful to me, if I knew the jeeps that you have now in supply depots or in yards where they have been parked after they have been reconditioned, or they should be reconditioned.

Mr. BENDETSEN. We can provide that information for the committee. But I might point out in this connection that we are purchasing jeeps against requirements, because we do not have surplus stocks. A jeep is a tactical vehicle which is required by our combat

units, and it does involve, the same as any other piece of hard equipment, a tool line and lead time to bring it out, and so it is in our procurement program. But we do not have surplus quantities as against our requirements, which far exceed the total on hand.

As to the number in storage in support of the active Army and combat operations, I will be glad to supply that to the committee.

(The information referred to was furnished to the committee.)

SURPLUS MILITARY CLOTHING AND SUPPLIES

Senator THYE. Mr. Chairman, I have one other question.

It was called to my attention by several soldiers, and more especially a supply sergeant, if a soldier loses a blanket he is charged $12 and some cents for the blanket; and down in the surplus stores you can buy practically the same identical blanket for $5. How does the surplus Army goods store get those blankets and uniforms and military shoes that they are selling for one-half of what they are charging the soldier if the soldier loses a blanket or a part of his uniform or a pair of shoes? How does the surplus store get that pair of shoes or that military merchandise?

Mr. BENDETSEN. I would not be able to say how they get them now. We do not sell them. But as you know, after the close of World War II, in the very rapid demobilization which was virtually a collapse, thousands of items of military supplies and equipment were declared surplus—not to mobilization needs and not to needs that we face today, but to what we then thought were current requirements for reduced forces in an atmosphere of what was described as peace.

Now, maybe those stores acquired these blankets then and still have them.

I might point out to you there are many differences in blankets. I should also point out that we do not place our combat troops in Korea, in the Far East Command, on the clothing allowance system to which the Senator refers. We do in the United States. We still do in the European Command. When a soldier loses a blanket under this system he is charged with the replacement cost that we have to pay for the blanket. If a surplus store has a blanket that is selling for $5, the store is not getting it from us today. It might have gotten it through the surplus sales of 1946.

Senator THYE. However, Mr. Secretary, we are in the seventh year since the ending of World War II, and it is a little difficult to believe that one of these so-called Army surplus stores would have carried that merchandise for 7 years; and it raises a question in my mind, because this supply sergeant who wrote me this question is a man in whom I would place a certain amount of confidence as to the man's judgment.

Chairman O'MAHONEY. The Chair will undertake to intervene at this point. Having been a member of the Military Affairs Committee at the time the country, the Congress, and the Defense Establishment went asleep, as Secretary Lovett testified yesterday, a special law was passed to provide for the disposal of surplus property. Every department which had surplus property was required to declare such property that it had no further use for. That property

was then turned over to the disposal agency, which was an utterly different one.

It would be a great mistake to assume that sales of surplus property and purchases of military supplies are going on simultaneously.

Senator THYE. That was the reason for the question, because I just wanted to be certain, Mr. Chairman, that such a practice was not in existence somewhere in a remote corner of this great land of ours.

Chairman O'MAHONEY. I think we can bring this out quite clearly by asking Secretary Bendetsen if the Army at any time while he has been Secretary has declared any military property surplus?

Mr. BENDETSEN. Not during my time; no, sir. Well, now, we do dispose of scrap. We do dispose of items which cannot be repaired.

Chairman O'MAHONEY. I am talking about this particular type of thing.

Mr. BENDETSEN. No end items; no.

Chairman O'MAHONEY. You are not selling with one hand material that you are buying with the other, so to speak?

Mr. BENDETSEN. No, sir.

Chairman O'MAHONEY. All right, you may proceed.

Mr. BENDETSEN. That, Mr. Chairman, is a summary of my statement. I should also like to add for the record a summary of examples of savings obtained by the Army through its management economy practices.

(The information referred to is as follows.)

EXAMPLES OF ARMY SAVINGS THROUGH MANAGEMENT ACTION

With rising expenditures to meet expanding missions, the Army has intensified its management efforts to achieve a maximum return in national security from every appropriated dollar. These efforts, directed in a variety of essential programs, have produced demonstrable savings in the past 18 months while Army forces were engaged in Korea and the mobilization build-up was being accelerated. A representative listing of some of these savings follows to illustrate specific areas of management action.

1. *Manpower.*—During the past 6 months the Army's tightened manpower controls have been applied selectively to reduce military spaces by 5,788 and civilian spaces by 15,587 for an approximate annual saving of $73.5 million. In a complete survey of the large training installation at Fort Knox, 750 military positions were eliminated and 3,000 combat-fit soldiers were replaced by limited service and WAC personnel. This survey technique has been extended to other training centers where 650 positions have already been withdrawn even in the face of greater training workloads.

2. *Conservation of equipment.*—Long-range savings have been realized from the postwar policy to rebuild and rehabilitate equipment rather than purchase new items to supply all Army requirements. This project has actually returned about $9½ billion worth of equipment to service for an outlay for repairs of less than $1½ billion. The variety of equipment items handled in this fashion covers the full range of Army needs, a striking example being the 2½-ton truck, costing $7,000 as a new purchase, returned to duty for as low as $1,000 repair charge.

3. *Substitution of commercial type vehicles.*—In recognition of the higher cost for tactical vehicles with special military characteristics, the Army has vigorously pursued a program calling for the substitution of lower cost commercial-type vehicles wherever possible. The efforts along these lines in the last year an done-half resulted in a substitution of over 20,000 vehicles with a net savings of in excess of $100 million in purchase price and in lower gas consumption, ready availability of standard spare parts, and simplified maintenance.

4. *Research and development.*—One of the primary objectives in the Army's research and development program is the discovery of new techniques, materials, or designs which will lessen the cost of required equipment. The accomplish-

ment of this objective in terms of dollar savings is difficult to state since final production-cost estimates are not firm during the developmental stages. But a concrete example of savings can be cited in certain specific design modifications in the basic military cargo trucks. An average cost reduction of $165 per vehicle will represent an over-all saving of $82½ million in the procurement of 500,000 trucks. In recent months the Chief of Staff has created a matériel requirements review panel of senior officers to review new developments prior to final approval for further development or production in order to weed out those projects where the end result did not justify the cost. This panel in its first 2 months of activity has reviewed some 160 research and development projects and through their evaluation, reduced this program by $3½ million and potential procurement costs by a much larger sum.

5. *Elimination of items from tables of organization and equipment.*—Beginning in 1950, the Army implemented a program to review the tables of organization and equipment of the organized units of the Army with a view toward eliminating all less essential items in order that the greatest possible use would be made of every dollar invested in equipment. Major savings have been accomplished without any impairment of the efficiency of the unit organization or the protection afforded the individual soldier. The items eliminated vary with the units concerned and included such things as gas alarms, compasses, binoculars, telescopes, to list only a few. The savings vary with the type of unit concerned. For example, a savings in artillery batteries is estimated at $32,500; divisional ordnance companies, $17,400; a tank company, $41,500; and an infantry company, $900. It is estimated that the over-all savings in the current program to date is better than $66,000,000 and as of M-day plus 36 months will be $300,000,000.

6. *Commercial transportation rate negotiations.*—Army requests for transportation funds are supported by standards of proper traffic management. These fund estimates for commercial transportation take into consideration savings that will be effected by proper rate negotiation. The effectiveness of this traffic management in actual savings accomplished by rate negotiations and transit privileges over cited ICC rates can be summarized for the period July 1 through December 30, 1951, as follows: (*a*) Passenger rate negotiation, $3,000,000; (*b*) freight-rate negotiation, $10,000,000; (*c*) freight diversion and in-transit storage privileges, $10,000,000; for a total savings of $23,000,000.

7. *Control of ammunition movements from source to destination.*—As a control in the shipment of ammunition, a movement control point was established during the past year at the ordnance control point, Raritan Arsenal, N. J. This control point designated sources and location of ammunition and passed this information on to the movement control point, which computed landed cost to ports and designated the port to receive ammunition based upon landed transportation costs, shipping costs, and the date required for delivery in the overseas theater. This control procedure will result in an estimated saving in excess of $30,000,000 between July 15, 1951, and June 30, 1952. Through management action, this procedure is being readied for extension to the movement of other critical supplies.

8. *Savings reported through management surveys.*—The management audit program of the Army, which is under the guidance of the Comptroller of the Army, is based primarily upon a scheduled series of large-scale general management surveys of major organizational elements. It began with surveys of the Corps of Engineers and the Chemical Corps during the past 2 years and includes, at present, concurrent surveys of the Ordnance, Quartermaster, and Transportation Corps. Final plans are also being made at this time for a survey of the First Army Headquarters (New York) and activities in the First Army Area. Findings and recommendations resulting from these surveys are acted upon as soon as they are developed, whenever possible, and are systematically followed up to make sure all benefits possible are secured from them.

As an example of improvements being achieved by the current surveys, the Quartermaster Corps has already estimated potential savings of approximately $120,000. Throughout the Army establishment, the results from surveys are reflected in simpler procedures; improved work flow; better use of space; streamlining of mission; combination of functions, mission objectives, and duties to avoid duplication; improvements in organizational structure; and mechanization of office work.

The Corp of Engineers has reported an estimate of dollar economies which will result from action on survey recommendations amounting to between $2 and $3 million annually.

9. *Work simplification and suggestion programs.*—An example of improvements and economies achieved through application of the Department's management improvement programs appears in the report of the Third Army which tells about a total potential monetary gain of $11,476,705. The European Command reports economies through work simplification of $1,037,021 and of 747,960 deutschemarks for calendar year 1951. United States Army Caribbean reports a savings of 88,000 man-hours in the first 4 months of its work-simplification program. These work-simplification summaries, in turn, represent management improvement in many program fields. Work-simplification improvements, in fact, demonstrate the truth of one of the basic assumptions upon which the management improvement program is founded, i. e., that a great area for economies lies at the operating levels and the Army is working in this direction as rapidly as possible. As an active contribution to Army management, nearly 20,000 suggestions from Army personnel were accepted during fiscal year 1951 having a monetary value of over $4 million in the first year of application.

10. *Repairs and utilities.*—Continuing review and analysis of requirements and strict application of standards in the maintenance of Army installations, utilities and other services have resulted in one-time and recurring economies in specific amounts, estimated savings and unevaluated economies. Examples of savings in this area follow:

(*a*) A continual campaign has been waged to reduce the number of fire companies provided without reducing fire protection and prevention. During the past year, 12 companies have been eliminated at a savings of $50,000 per year per company for a total of $600,000.

(*b*) As a result of extended negotiations with the city of Virginia Beach, Va., it was possible to make arrangements for the disposal of sewage from Fort Story at a cost of only $45,000 for a connection charge in lieu of paying $300,000 for an extension to the city plant or $600,000 for the construction of a Government-owned plant.

(*c*) A complete engineering study of facilities at Sandia Base resulted in the interconnection of two boiler plants in lieu of rehabilitating one plant. A one-time saving of $50,000 and an annual saving of a similar amout was thus possible.

(*d*) A proposal to reline the sewers at Camp Stewart, Ga., at a cost of approximately $1,000,000 was carefully reviewed and an alternate solution just as satisfactory was developed which saved an estimated $850,000.

(See also pp. 130 to 141.)

MOTOR VEHICLE SAVINGS

I would like to add one more item—further examples of the substitution of commercial-type vehicles, with consequent savings, for military-type vehicles in every case that we can. We have in the past year, as against the requirements involved, saved over $63 million through this process.

Savings Effected by the Army Through the Substitution of Commercial Type Vehicles for Tactical Type Vehicles

The tabulation below shows the estimated savings in fiscal year 1951 which the Army has accomplished through the substitution of commercial-type vehicles of various kinds for the tactical-type vehicles which would otherwise have been required. The savings of $63,594,506 in the purchase price alone, shown in the recapitulation, is augmented by additional substantial savings in gas consumption, in local procurement, maintenance and supply of spare parts, and in the utilization of established commercial firms, instead of Army shops and personnel. During the entire 1½ years that this program has been operating, it is estimated that total savings have reached over $100,000,000.

Estimates of savings by substituting commercial type vehicles for tactical types

Commercial type	Procurement quantity	Unit cost	Total cost	Tactical type	Unit cost	Total cost	Approximate savings
Truck, ½-ton, 4 x 2, carry-all.	859	$1,520	$1,305,680	Truck, ¾-ton, 4 x 4, carry-all.	$2,650	$2,276,350	$970,670
Truck, ½-ton, 4 x 2, ambulance.	982	2,200	2,160,400	Truck, ¾-ton, 4 x 4, ambulance.	5,570	5,469,740	3,309,340
Truck, ½-ton, 4 x 2, panel delivery.	138	1,318	181,884	Truck, ¾-ton, 4 x 4, carry-all.	2,650	365,700	183,816
Truck, ½-ton, 4 x 2, pick-up.	6,250	1,129	7,056,250	Truck, ¼-ton, 4 x 4, utility.	2,702	16,887,500	9,831,250
Truck, 1½-ton, 4 x 2, S. & P.	5,019	1,833	9,199,827	Truck, 1½-ton, 6 x 6, cargo.	3,500	17,566,500	8,366,673
Truck, 2½-ton, 4 x 2, dump.	2,137	3,090	6,603,330	Truck, 2½-ton, 6 x 6, dump.	10,897	23,286,889	16,683,559
Truck, 2½-ton, 4 x 2, gas tank, 1,200 gallons.	668	4,307	2,877,076	Truck, 2½-ton, 6 x 6, gas tank.	12,918	8,629,224	5,752,148
Truck, 2½-ton, 4 x 2, water tank, 900 gallons.	115	4,138	475,870	Truck, 2½-ton, 6 x 6, water tank.	14,065	1,617,475	1,141,605
Truck, 5-ton, 4 x 2, dump.	455	5,215	2,372,825	Truck, 4-ton, 6 x 6, dump.	18,934	8,614,970	6,242,145
Truck, 5-ton, 4 x 2, tractor.	575	5,061	2,910,075	Truck, 4–5 ton, 4 x 4, tractor.	16,535	9,507,625	6,597,550
Auto, sedan, light, 5-passenger, 4 x 2.	[1] 3,000	1,256	3,768,000	Truck, ¼-ton, 4 x 4, utility.	2,702	8,106,000	4,338,000
Auto, station wagon, med., 8-passenger, 4 x 2.	[1] 250	1,939	484,750	Truck, ¾-ton, 4 x 4, carry-all.	2,650	662,500	177,750
Total	20,448		39,395,967			102,990,473	63,594,506

[1] Estimated.

RECAPITULATION

Total cost of tactical-type vehicles	$102,990,473
Total cost of commercial-type vehicles	39,395,967
Approximate savings by substituting commercial-type vehicles for tactical types	63,594,506

AMMUNITION SAVINGS

I would like to give one more example. We have reduced our training allowance for ammunition by one-half. That means, as of the strength of the Army in training last June 30, a saving of $300 million per year. As of the present strength it would be even higher.

Chairman O'MAHONEY. As I glanced over your paper, Mr. Secretary, I found at the top of page 12 a very important sentence which I would hate to have you omit from your original presentation.

Mr. BENDETSEN. I think, with your permission, that every sentence in the statement is important, and we intended it to convey with our full sincerity——

GRATUITY PROVISION IN DEFENSE CONTRACTS

Chairman O'MAHONEY. Will you look at the sentence on page 12, and you will see what I am driving at.

Mr. BENDETSEN. Well, I would like, if I may, Senator O'Mahoney, to read that part of the statement:

> We have been provided an effective new tool for this work in preventing and eliminating inefficiency, incompetence and fraud in our extensive procurement program, in the Senator O'Mahoney amendment to the 1952 appropriation act permitting the termination of contracts where it is found that gratuities were offered or given by the contractor with a view to receiving favorable treatment.

Senator FERGUSON. Have you canceled any contracts; and if so, how many?

Mr. BENDETSEN. So far as I know, to date we have not canceled any on this ground. I will take a further check.

Senator FERGUSON. How has it helped you, if you have not canceled any on that ground?

Mr. BENDETSEN. Well, because we do have a means in hand under the law to make a cancellation, if we find that there is ground for it, which we did not have before.

Senator FERGUSON. Do you put this in your offers of bids?

Mr. BENDETSEN. In our contracts with fiscal year 1952 funds, yes.

Chairman O'MAHONEY. May I address myself to this: I have here a letter from Secretary Pace, which is accompanied by exhibits showing precisely what has been done. The letter indicates that this cancellation provision has been inserted in every contract, and in every amendment of a contract, since the date of the enactment of the law.

Senator FERGUSON. I am strong for the provision, and I was for it, but I thought we ought to find out how it has worked.

Chairman O'MAHONEY. I shall file these for inclusion in the record at this point.

(The letter and exhibits referred to follow:)

DEPARTMENT OF THE ARMY,
Washington, D. C., January 26, 1952.

Hon. JOSEPH C. O'MAHONEY,
United States Senate.

DEAR JOE: This is in reply to your letter of January 12, concerning the Army's implementation of section 631, Public Law 179, Eighty-second Congress.

On October 19, 1951, the Department of the Army dispatched messages to all Army contracting officers citing section 631 with instructions to insert the antigratuities clause in all contracts negotiated on or after October 18, 1951, and all amendments executed on or after October 18, 1951. A copy of this message is attached as enclosure No. 1.

In this connection, on December 3, 1951, the publication of a revision of Army Regulations 600–205, Standards of Conduct of Personnel Assigned to Procurement and Related Activities, announced succinctly the policy of the Army with regard to conflicting private interests of military and civilian personnel assigned to procurement and related duties. These regulations are attached as enclosure No. 2. In view of the importance of this matter, every effort is being made to impress all individuals concerned either directly or indirectly with any phase of procurement, inspection, and contract administration, with Department of the Army intention of strict enforcement of the announced policy. Accordingly, Army Procurement Circular No. 2, Standards of Conduct of Personnel Assigned to Procurement and Related Activities, was published January 7, 1952. This publication, a copy of which is attached as enclosure No. 3, requires all individuals concerned with any phase of procurement to read and initial a copy of the revised Army Regulations 600–205, and that such initialed copies shall be retained in files and subject to inspection at all times. In addition, each of these individuals is to be furnished a copy of the regulation.

At the regular meeting of the Secretary of Defense with the secretaries of the Army, Navy, and Air Force on December 27, 1951, means were discussed for preventing military and civilian personnel of the services from accepting entertainment, gratuities, and other items of value from those who seek or enjoy profitable business relations with the military. The Army and Naval Inspectors General and the Air Force Deputy Inspector General were present and participated in the discussion. As a result of this meeting the Inspectors General of the three services were directed to formulate a common system of prevention which would provide for the sharing of information of mutual interest in this problem, give full consideration to the donor aspect, emphasize the role of audit systems as a means of prevention, and give due consideration to the value of dramatic contract termination for violations of ethics. Further, the Inspectors General were directed to study the probable effectiveness of a questionnaire to be filled by service procurement personnel in which outside income, activities, and connections would be set forth. They were also to consider the

desirability of new directives which would reemphasize the concern of the Secretaries in the problem.

The Inspector General of the Army, specifically, is exploiting all facilities available to him for preventing Army personnel from accepting gratuities. He has established close working arrangements with the Army Audit Agency, which, in the execution of its function of audit of contracts and property accounts, is in a position to note evidence or suspicion of violations of the code of personal conduct. In a similar manner he has arranged through the Assistant Chief of Staff, G–2, to receive information of this nature which has been obtained by the Counter Intelligence Corps and the Federal Bureau of Investigation. The Provost Marshal General furnishes him appropriate information derived from investigations conducted by criminal investigation detachments. These relationships have been established not only in this headquarters, but at all command echelons of the Army. Liaison has been established between the Inspector General of the Army and the Comptroller General of the United States for exchange of information.

Instructions to inspectors general at subordinate Army command echelons have been issued in a publication of the Office of the Inspector General, IG Notes. This publication is distributed to all inspectors general on duty in the Army. There is attached as enclosure No. 4 an extract from the IG Notes of December 4, 1951, on this subject. In addition, every effort is being made to encourage any person, military or civilian, having knowledge of unethical conduct on the part of Army Establishment personnel, to report the facts to an inspector general. Particular emphasis is being given procurement matters during all inspections conducted by the Office of the Inspector General, and action is being taken at the present time to increase the number of inspections of procurement activities.

I am sure you will realize from the foregoing that the Department is continuing its search for a solution to this involved problem. Moreover, efforts along the lines indicated will be continued with a view toward achieving maximum effectiveness in the prevention of violations of the code of personal conduct.

Thank you for bringing this matter to my attention.

Sincerely yours,

FRANK PACE, Jr.,
Secretary of the Army.

DEPARTMENT OF THE ARMY

STAFF COMMUNICATIONS OFFICE

Message
Priority

AC of S G4/E1 Purch Br
Col Fregosi 52648

To: CGARMYONE, New York, N. Y., CGARMYTWO, Ft Meade, Md., CGARMYTHREE, Ft McPherson, Ga., CGARMYFOUR, Ft Sam Houston, Tex., CGARMYFIVE, Chgo, Ill., CGARMYSIX, SFran, Calif., Chief, Armed Services Medical Procurement Agency, Bklyn, N. Y., Superintendent, USMA, West Point, N. Y., CGUSARAL, Elmendorf AFB AL, CGUSARCARIB, Ft Amador CZ, CINCFE, Tokyo, Japan, CGUSARAEZR, Heidelberg, Germany, CGUSARPAC, Ft Shafter, T. H., CGTRUST Trieste, CGUSFA (Rear) Salsburg, Austria.

Info. Comdt CGSC Ft Leavenworth Kans

Nr: DA 34871 19 OCT 51.

From G4E1.

Rqst all contracting offs be notified soonest that pursuant to Sec 631, Dept of Def appropriation Act 1952 (Pub Law 179, 82 Congress) the clause set forth below shall be inserted in (A) all procurement contracts and purch orders which are executed as of a date on or after 18 October 51 and (B) all amendments to procurement contracts and purch orders which are executed as of a date on or after 18 October 51 and which obligate money aproped in the Dept of Def Appropriation Act 1952 (Pub Law 179, 82 Congress) except contracts for personal svcs with an indiv and purch orders as defined in APP 3–409 for $1000 or less.

"*Gratuities.*—(A) The Government may, by written notice to the contractor, terminate the right of the contractor to proceed under this contract if it is found,

after notice and hearing, by the Secretary or his duly authorized representative, that gratuities (in the form of entertainment, gifts, or otherwise) were offered or given by the contractor, or any agent or representative of the contractor, to any officer or employee of the Government with a view toward securing a contract or securing favorable treatment with respect to the awarding or amending, or the making of any determinations with respect to the performing, of such contract; provided, that the existence of the facts upon which the Secretary or his duly authorized representative makes such findings shall be in issue and may be reviewed in any competent court.

"(B) In the event this contract is terminated as provided in paragraph (*a*) hereof, the Government shall be entitled (1) to pursue the same remedies against the contractor as it could pursue in the event of a breach of the contract by the contractor, and (II) as a penalty in addition to any other damages of which it may be entitled by law, to exemplary damages in an amount (as determined by the Secretary or his duly authorized representative) which shall be not less than 3 nor more than 10 times the costs incurred by the contractor in providing any such gratuities to any such officer or employee.

"(C) The rights and remedies of the Government provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under this contract."

Origin: G4

DISTR AND/OR APPR ACTION: LLO, SIG, ENG, ORD, QMC, CML, MED, TC, TAG, NGB, G2, MDW, OSA, PMG, NBPRP, AFSWP, FIN, AAA, G1, G3, C1, COMPT, IG, AFIE JAG

DA 34871 (Oct 51) DTG: 190020Z svb

***AR 600–205**

ARMY REGULATIONS No. 600–205

DEPARTMENT OF THE ARMY
WASHINGTON 25, D. C., *3 December 1951*

PERSONNEL

STANDARDS OF CONDUCT OF PERSONNEL ASSIGNED TO PROCUREMENT AND RELATED ACTIVITIES

	Paragraph
General	1
Personnel selection and instruction	2
Ethics of procurement personnel	3
Unauthorized release of procurement information	4
Pertinent criminal code sections	5

1. General.—These regulations enunciate Department of the Army policy regarding personnel engaged in procurement and related activities. They are binding upon all persons, military or civilian, engaged in service procurement and related duties. All such personnel will familiarize themselves thoroughly with the instructions contained herein in order that they may protect the interests of the government.

2. Personnel selection and instruction.—The importance of the procurement function to the Department of the Army makes selection and instruction of procurement personnel a matter of major importance to appointing officials. Selected personnel are not only responsible for protecting the Government's interest but also for maintaining the reputation of the Army Establishment for honesty, courtesy and fair dealings in all relations with contractors. All procurement and related activities personnel, military or civilian, must comply with the provisions of the Armed Services Procurement Act of 1947 (62 Stat. 21, 5 U. S. C. 219b, 412b, 626e; 41 U. S. C. 151–161), the Armed Services Procurement Regulation, the Army Procurement Procedure, and the Department of the Army circulars, directives, and other publications pertinent thereto. Every person engaged upon procurement and related activities must at all times protect the interests of the government.

3. Ethics of procurement personnel.—*a.* The business ethics of all persons charged with the administration and expenditures of Government funds must be above reproach and suspicion in every respect at all times. The Supreme Court has stated aptly that as a general rule all men have a moral obligation to refrain from placing themselves in relations which excite conflict between self-interest and integrity.

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*These regulations supersede AR 600–205, 9 April 1951.

b. The broad policy of the Department of the Army with regard to conflicting private interests of military and civilian personnel assigned to procurement and related duties is set forth as follows: Every member of the service, military or civilian, is bound to refrain from all business and professional activities and interests not directly connected with his duties which would tend to nterfere with or hamper in any degree his full and proper discharge of such duties. If such person finds that his duties require him to act as an agent of the United States in a manner from which he may derive financial profit or other benefits, he will report the facts immediately to higher authority and he will be relieved from such duties immediately. Agents of the Government will not accept gratuities from concerns or individuals with whom they have government business contacts. Furthermore, they will not accept, directly or indirectly, gratuities, gifts, courtesies which influence, or *might reasonably tend to influence*, the strict impartiality which must prevail in all government business relations.

4. Unauthorized release of procurement information.—It is the individual responsibility of all personnel, both military and civilian, of the Army Establishment to refrain from releasing to any individual or any individual business concern or its representatives any preknowledge such personnel may possess or have acquired in any way concerning proposed procurements or purchases of supplies by any procuring activity of the Army Establishment. Such information will be released to all potential contractors as nearly simultaneously as possible and only through duly designated agencies, so that one potential source of supply may not be given an advantage over another. All dissemination of such information will be in accordance with existing authorized procedures and only in connection with the necessary and proper discharge of official duties.

5. Pertinent criminal code sections.—There are certain statutes which make it a criminal offense for an officer or an agent of the Government to engage in practices or activities which are at variance with the full measure of duty which he owes to the United States as such officer or agent. Applicable criminal statutes which should be thoroughly understood by procurement personnel are as follows:

a. Interested persons acting as Government agents.—18 U. S. C. 434; M. L. 1949, sec. 812.

b. Officers or employees interested in claims against Government.—18 U. S. C. 283; M. L. 1949, sec. 840.

c. Procurement of contract by officer or Member of Congress.—18 U. S. C. 216; M. L. 1949, sec. 841.

d. Compensation to Members of Congress, officers and others in matters affecting the Government.—18 U. S. C. 281; M. L. 1949, sec. 842.

e. Acceptance of solicitation by officer or other person.—18 U. S. C. 202; M. L. 1949, sec. 846.

f. Disqualification of former officers and employees in matters connected with former duties.—18 U. S. C. 284; M. L. 1949, sec. 706.

g. Taking or using papers relating to claims.—18 U. S. C. 285; M. L. 1949, sec. 811.

h. Conspiracy to defraud the Government with respect to claims.—18 U. S. C. 286; M. L. 1949, sec. 806.

i. False statements or entries generally.—18 U. S. C. 1001; M. L. 1949, sec. 806b.

j. Official certificates or writings.—18 U. S. C. 1018; M. L. 1949, sec. 839.

k. Records and reports—Concealment, removal, or mutilation generally.—18 U. S. C. 2071; M. L. 1949, sec. 852.

l. Salary of Government officials and employees payable only by the United States.—18 U. S. C. 1914; M. L. 1949, sec. 1627.

[AG 250.1 (17 Nov 51)]

BY ORDER OF THE SECRETARY OF THE ARMY:

J. LAWTON COLLINS
Chief of Staff, United States Army

OFFICIAL:
WM. E. BERGIN
Major General, USA
The Adjutant General

DISTRIBUTION:
C

Proc Cir 2

ARMY PROCUREMENT CIRCULAR No. 2

DEPARTMENT OF THE ARMY
WASHINGTON 25, D. C., *7 January 1952*

STANDARDS OF CONDUCT OF PERSONNEL ASSIGNED TO PROCUREMENT AND RELATED ACTIVITIES

1. There has recently been distributed a revised AR 600–205, 3 December 1951, restating Department of the Army policy governing "Standards of Conduct of Personnel Assigned to Procurement and Related Activities."

2. In view of recent unfavorable publicity regarding irregularities on the part of some of the Army's procurement personnel, it is the desire of the Under Secretary of the Army that the revised AR 600–205 be brought to the personal attention of all individuals concerned either directly or indirectly with any phase of procurement, inspection, and contract administration.

3. Accordingly, it is directed that heads of procuring activities (as defined in ASPR 1–201.4) and chiefs and/or commanders of all purchasing offices (as defined in APP 1–253) issue appropriate instructions requiring all individuals mentioned in paragraph 2 to read and initial a copy of AR 600–205, as revised. Such initialled copies shall be retained in the files of the purchasing offices involved, and shall be subject to inspection at all times.

4. Each individual mentioned in paragraph 2 shall be furnished with a copy of AR 600–205, as revised, at the earliest practicable time. Requirements for such distribution will be requisitioned through normal channels immediately upon receipt of this procurement circular.

5. It is directed that three copies of instructions issued by heads of procuring activities to implement this procurement circular be forwarded to the Assistant Chief of Staff, G–4, Department of the Army, Washington 25, D. C. (ATTN: Chief, Purchases Branch), within 30 days after the date of receipt of this procurement circular, and in any event not later than 1 March 1952.

[AG 400.13 (29 Dec 51)]

BY ORDER OF THE SECRETARY OF THE ARMY:

OFFICIAL:
WM. E. BERGIN
Major General, USA
The Adjutant General

J. LAWTON COLLINS
Chief of Staff, United States Army

DEPARTMENT OF THE ARMY
SPECIAL STAFF, UNITED STATES ARMY
OFFICE OF THE INSPECTOR GENERAL
WASHINGTON 25, D. C.

"IG NOTES"

Volume II, No. 8 — 4 December 1951

* * * * * * *

12. *Personal conduct.*—References: AR 600–10, AR 600–205, CPR C2, and paragraph 1–455, APP. Is there evidence that commanders have taken appropriate action to impress their subordinates, military and civilian, with the necessity for the maintenance of high standards of personal conduct in both private and official life so as not to reflect discredit upon the Army Establishment? Are personnel accepting from business organizations gratuities such as gifts, free club memberships, or use of recreational equipment or facilities? Are Army personnel soliciting local firms for prizes or donations to support Army activities? Of particular importance is the conduct of procurement personnel in the transaction of Government business with commercial organizations and their representatives. Are procurement personnel accepting gifts, favors, or donations from business organizations engaged in or desirous of becoming engaged in transactions with the Army? If so, what types of gratuities were accepted and how were they disposed of? What commercial organizations, if any, have proffered gratuities to Army Establishment personnel?

CONTRACT GRATUITIES IN MILITARY PROCUREMENT

Senator FERGUSON. This is very important. Have you found any gratuity given in the Army in the last year? You see, you have not canceled any contracts. That is, whether they were offered or given, have you found any, and will you make a report to this committee on this question of gratuities? Because I think it is important in relation to this amendment.

Mr. BENDETSEN. It is extremely important, and we shall make such a report.

Senator FERGUSON. Will you furnish it so that we can make it a part of this record?

Mr. BENDETSEN. Yes, sir.

(The information referred to follows:)

A clause prohibiting gratuities has been inserted in procurement contracts, purchase orders, and amendments to such documents executed on or after October 18, 1951. This clause provides for the imposition of penalties against a contractor who gives or offers a gratuity. The Army has uncovered no instance of violation even though the Inspector General's staff has been reinforced by the establishment of an IG organization in each of the technical services.

CANCELLATION OF CONTRACTS

Chairman O'MAHONEY. It may be appropriate for me to say at this point that I conceive this amendment to be a padlock upon the funds of the Defense Department, and I would have deemed the amendment somewhat futile if any gratuities had been offered or given to any officers or employees of the Government since the 18th day of October 1951; when this became part of the law of the United States for the first time. In other words, all contractors and all officers and employees are now on notice that a contract may be canceled if gratuities are offered, and I have had so many telegrams and letters asking me what particular gratuities were forbidden that I know contractors are very much alive to the existence of this provision in their contracts.

Mr. BENDETSEN. Yes, sir; I know.

Senator FERGUSON. I realize the Senator did want to make it a padlock, but we did not want to put it on the barn after the horse is gone.

Chairman O'MAHONEY. I think there were some gratuities before this amendment, and I would be surprised if there have been any since.

Mr. BENDETSEN. We think it is a great deterrent, and we have revised our Inspector General system so as to not merely place the padlock on the barn after the horse is gone, and we agree with you, Senator Ferguson.

Senator FERGUSON. Do I understand now that it is open for questions? I have some questions that I would like to ask.

Chairman O'MAHONEY. I would like to get through the other two Secretaries first.

Mr. BENDETSEN. I also have a preliminary answer to the question you raised yesterday on the situation in Detroit.

DEPARTMENT OF THE NAVY

OFFICE OF SECRETARY OF THE NAVY

STATEMENT OF HON. DAN A. KIMBALL, SECRETARY OF THE NAVY

RESPONSIBILITY

Secretary KIMBALL. I am very grateful for the opportunity to appear here and tell you some of the things that the Navy has been doing, and what our plans are for the future. We have, of course, a double responsibility for carrying on a full-scale combat operation in Korea and at the same time we are building toward a degree of strength and readiness which we have to have in order to deter further Communist expansion. Such conditions have never before faced the Navy, short of a full mobilization of the country's resources.

BASIC POLICIES

In building up the strength of the Navy in order to meet our responsibilities for national defense, we have given careful attention to the ability of industry to provide our requirements. We have carried out a policy designed to broaden the productive base so as to insure a mobilization potential rather than to obtain large stocks of matériel. Attention has been given to leveling out production rates of the items to be purchased in order to avoid peaking industrial production. In this way, production capacity would be obtained and preserved over a long period and provide a base for rapid expansion in case of full mobilization. We have also depended upon this increased production capacity to produce quickly matériel which would be subject to rapid deterioration in storage or matériel which, because of its short production cycle, could be purchased when immediately required.

The Navy's procurement has been planned to insure a continuing matériel readiness for combat operations while at the same time having sufficient stocks on hand so that our expanded forces could be operated until production would meet their full requirements. We have not been able to meet the latter condition but hope to approach this necessary matériel reserve gradually.

The basic policy of the Department of the Navy on facilities is that contractors will furnish their own facilities. In other words, before we provide new Government facilities or expand private facilities at Government expense, every effort is made to utilize existing privately owned industrial capacity.

DETERMINATION OF REQUIREMENTS

The determination of the Navy and Marine Corps requirements needed to carry out their assigned functions is the first step in preparing the present estimates. The requirements must be coordinated with current and prospective forces and their operations. As you can well understand, with an organization as widespread and with as many varied tasks as the Navy and Marine Corps have to perform, this is no simple operation. The basic outline for the preparation of these requirements is contained in the program objectives. The

ground rules, or program objectives, are approved by the Secretary of Defense and they form the basis upon which the Navy calculates the requirements. A basic Naval Establishment plan is issued to the fleet and shore establishment giving the policy and planning guidance for the fiscal year. It sets forth in detail the operating forces to be supported and their planned employment. It also includes the supporting establishment to be maintained and the missions of these activities together with their authorized personnel strengths and the state of training and readiness to be maintained.

This basic Naval Establishment plan contains information in regard to all major procurement and procurement objectives to support the allowed forces. It provides in detail information required by the operating forces to prepare their estimates of requirements to support the plan. After these detailed requirements have been established and have been translated into specific programs, they are priced by the various bureaus and offices of the Department of the Navy and submitted with justifications for detailed review by myself and the staff. The results of this detailed review are then submitted to the Secretary of Defense and the Bureau of the Budget for their consideration.

Nearly half of the funds requested by the Navy in 1953 will be spent for major procurement. Over 600 items, representing three-fourths of these procurement funds, have been subjected to detailed scrutiny. The total requirements for each of these items were broken down into those required for combat consumption; initial equipment for regular forces and reserves; peacetime consumption; level of supply to support the operating forces; and the requirements during various periods of combat operations. Stocks on hand and those stocks previously funded were credited. This left the remaining requirement for each item. An estimate was made of availability of material and production capacity as well as the rate at which the items could be manufactured. A careful consideration of all these factors gave a firm basis upon which to estimate the amount of procurement to be included in the 1953 budget request.

BUSINESS MANAGEMENT

I would like to talk a little bit about business management. A primary objective of the Navy is to assure that the maximum security is obtained for every dollar spent. We are exerting every effort to assure that all funds granted are expended in a businesslike manner. I might say as far as the Navy is concerned, it is run as well as any business concern and I have studied this thing for 3 years and I am perfectly willing to make that statement. I have given my full support to a program of management improvement in the Navy and have instituted a concentrated drive to make everyone—top management, supervisors, craftsmen, and clerks in the Navy, efficiency minded and cost-conscious. An example of the effectiveness of this drive for economy is shown by the fact that the Department of the Navy received first award in 1951 from the National Association of Suggestions Systems in recognition of the greatest increase of employee participation in this form of management improvement in any Federal agency.

SURVEYS

During the past year, six on-site surveys have been made by the Shore Establishment Survey Board under the Navy Inspector General. These surveys are very broad and take in a full naval district, and they take from 4 to 7 weeks to complete. These surveys are part of a continuous program that has been in effect for several years. They are designed to check on economy and efficiency of operations and in the management of our naval installations, incidentally, to see whether all of the installations are necessary.

In these surveys, an entire naval district is inspected by specially trained teams of naval officers and civilians with additional assistance from management advisers from commercial sources.

We try to get with these teams some top management from the larger companies throughout the United States. Their reports include recommendations concerning the utilization of manpower, transportation, storage, and improved methods of management. Their recommendations are implemented. When we get the recommendations, then we do something about them.

In like manner, during the past year, 16 on-site surveys were made by our Industrial Survey Division of specific industrial installations in the Navy such as naval shipyards, ordnance manufacturing plants, and aircraft overhaul and repair shops. These teams are also composed of trained naval officers and civilians including personnel obtained from industry, based on the particular establishment being inspected; for instance, when aircraft overhaul shops are inspected, personnel from the corresponding shops of the airlines accompany the team.

Might I at this point, on this industrial survey, say that only yesterday I received a comprehensive survey we just finished from the Marine Clothing Depot in Philadelphia. Now, that included 53 recommendations, by our people who went up there, on how they could improve the efficiency of that establishment, and then that comes back to the Navy Department and we follow it and see that those recommendations are implemented. That is a continuing process.

SPARE PARTS PROCUREMENT

I have been concerned about the spare parts procurement, storage, inventory, and operation of the supply systems in the Navy because of the large amount of funds involved in these operations. In order to check the Navy's system, I have inaugurated a Supply Management Committee, made up of industrial personnel from the large merchandising houses of the country, storage technicians, and transportation personnel. They have had two meetings in the last year and have made recommendations, which have been adopted, concerning this phase of the Navy's operations. In addition, I requested a group of individuals from one of the large automotive manufacturing concerns to examine into the Navy's spare parts program. Their report indicates that the Navy system is as good as or better than any commercial system in the United States.

WORK MEASUREMENT SYSTEM

I have provided for central direction and coordination of an integrated work measurement system within the Navy. This measurement system is used to determine the relationship between the magnitudes of work to be performed and the manpower required for its performance; e. g., we receive quarterly reports of work performed, and man-hours used in the Navy supply program, for payroll, disbursing, and voucher examination activities. In addition to improving estimates of future requirements, this work measurement system points up areas where low productivity exists for appropriate management action. The information provided through these work measurement systems has made for better scheduling of work and for the much better utilization of manpower.

These examples are cited to demonstrate that we are making every effort to have the Navy run as efficiently as any business concern. In a large organization, whether in Government or industry, it is inevitable that some inefficiencies or waste may escape the surveillance of the most careful management scrutiny.

Let me assure you that I and the military and civilian members of my staff are continually reviewing naval programs to streamline our operations in order to improve efficiency and to eradicate any waste within the Navy. The task of obtaining the strongest and most effective Navy possible is an all-hands job which will receive my fullest attention as long as I am Secretary of the Navy.

It is for the continuation of the Navy's operations and for the improvement of the readiness to meet our share of the national defense effort that we are requesting funds for the fiscal year 1953. The Navy requests new obligational authority in the amount of $13.2 million which is essential to support the international policy and commitments of the United States.

Chairman O'MAHONEY. Thank you, Mr. Secretary. All right, Mr. Finletter.

DEPARTMENT OF THE AIR FORCE

OFFICE OF THE SECRETARY OF THE AIR FORCE

STATEMENT OF HON. THOMAS K. FINLETTER, SECRETARY OF THE AIR FORCE

TOTAL OBLIGATIONAL AUTHORITY REQUESTED

Secretary FINLETTER. The Air Force budget for fiscal year 1953 asks for $20.7 billion of new obligational authority for the fiscal year 1953, exclusive of appropriations for public works which are to be presented separately.

COMBAT WINGS

Under this $20.7 billion appropriation the Air Force would move from its presently authorized 80 combat wings, 15 troop carrier groups, and support units toward a force of 126 combat wings, 17 troop carrier groups, and support units.

The basis for this build-up to the 126 combat wing force is a decision of the Joint Chiefs of Staff taken in the month of October 1951.

The purpose of the 126 combat wing force is as follows:

The 126 combat wings are divided among the three front line-fighting operations of the Air Force—the strategic operation, the air defense operation, and the tactical air operation. The figures established for the strategic air command under the 126 combat wing force are the result of careful study by the strategic air command itself and the Air Staff of the requirements of a few years from now of the strategic operation.

I do not have to mention to this committee how important we consider this strategic operation to be. It is a major deterrent to war It must at all costs be built up and maintained at a level which will leave no doubt of its ability, not only now but in the conditions of the future, to carry out its mission if it is called upon to do so.

We have an especial concern for this strategic operation. The great emphasis which possible enemies are placing upon their air defense system, not only in building fine types of interceptor planes but also in developing good antiaircraft artillery, radar, and the like, shows that they recognize the deterrent power of this Strategic Air Command. I feel especially strongly that this command should have not only the numbers of planes which are necessary for it to do its work but also it should have planes of the right quality.

In putting emphasis on the strategic air operation, I do not wish to give you the impression that we do not place great emphasis on the other two missions.

AIR COMMANDS

The task of the Air Defense Command—that is, to defend this country against hostile bomber attack—is obviously of the greatest importance to this country. The number of wings recommended for the Air Defense Command over the previously authorized force has been substantially increased.

The problems of tactical air are tied into those of the Army. Tactical air has to operate where the Army operates. The NATO area is therefore the most important spot for planning purposes for our Air Force Tactical Air.

The plans for the NATO force are, of course, not alone of our making. We can decide for ourselves what we want to put into the Strategic Air Command and the Air Defense Command, but in the planning for the tactical air arm we are working with our allies in the North Atlantic Treaty area in the creation of an international force. It is therefore possible that the number of wings which are assigned to the tactical air operation under the 126 combat wing force may vary in the future.

My conclusion, therefore, is that the 126 combat wing force, as now planned, represents a force which under all the circumstances and granting the limitations which nonmilitary considerations must put upon it, is an appropriate force. Its basic purpose is to have an air arm in being, ready to go at a moment's notice, of the proper quantity and quality so that any possible enemy would realize that this was a very strong force indeed to contend with and for that reason would not think it wise to begin a war. This is the purpose of the force and I believe as recommended it should accomplish this result. But I do feel that this force has been most thoroughly screened and that any diminution in it would be most unwise.

The time factor must also be considered. When will the new force be ready?

Chairman O'MAHONEY. There has been a diminution, has there not?

Secretary FINLETTER. Not in the quantity of the forces, Mr. Chairman.

PROJECTED AIR FORCE GROUP STRENGTH

Chairman O'MAHONEY. I noticed yesterday when Secretary Lovett was testifying, that he spoke of building toward a 143 group Air Force. You speak of building toward a 126 group force.

Secretary FINLETTER. May I explain that, Mr. Chairman? I said at the beginning that under the $20.7 billion appropriation the Air Force would move from its presently authorized 80 combat wings, 15 troop carrier groups—that is, the 95 wing force—to 126 combat wings, 17 troop carrier groups, and that is the 143.

Chairman O'MAHONEY. Do you say to or toward.

Secretary FINLETTER. Toward.

Senator FERGUSON. What have we today?

Secretary FINLETTER. We have about 90 wings.

Senator FERGUSON. Ninety wings, fully complete?

Secretary FINLETTER. No, they are not fully modernized, Senator.

Senator FERGUSON. How many have we modernized?

Secretary FINLETTER. You cannot divide them up that way. There are various degrees of modernization, and there are 90 wings in operation.

Chairman O'MAHONEY. Well, the time is going to come, Mr. Secretary, when the members of the committee will want to know (1) whether you, as Secretary of the Air Force, are satisfied with the force that we now have in being; and (2) whether you are satisfied with the rate of build-up; and (3) whether you are satisfied with the goals which have been set in the light of the concept of air war which seems to be held by the Soviet Government and by our own air experts.

Secretary FINLETTER. This paper purports to answer those three questions.

Senator FERGUSON. I think also we ought to add that the committee will have to determine whether or not it, and then the Congress will have to determine whether or not the Congress, is satisfied with the status of the present Air Force.

Chairman O'MAHONEY. We have to determine what the Secretary feels, as preliminary to the other. Our final judgment will have to be made, but I do not want to ask those questions now, because before noon I want to give Secretary Lovett the opportunity of unveiling the radar bomb sight.

EXPENDITURE TIME FACTOR

Secretary FINLETTER. I want to make one thing entirely clear, that I am not satisfied with the present force and I am recommending most urgently that the money be appropriated to build toward this 143-wing force.

Now, when we come to the time factor, I have the following to say:

The Secretary of Defense has said to you that, after the recommendations of the Department of Defense to the Bureau of the

Budget and the President, certain further adjustments were made for the purpose of keeping expenditures for the military departments and for military end items financed under the mutual security program below the figure of $60 billion during fiscal year 1953. The result was a stretch-out in the period in which readiness is to be attained. I may say also, in addition to that factor, there are also elements in the stretch-out such as the beginnings of shortages of certain strategic materials, such as aluminum, nickel, steel, and copper, as well as the perennial question of lead-time, which means that you cannot merely by appropriating money have aircraft come into being overnight. In any event, there is a stretch-out. This affects all three of the Air Force's front-line operations of which I have spoken.

The stretched-out program does not attain the number of units with modern equipment as early as the military chiefs of the services, from a purely military point of view, consider desirable. However, as the Secretary of Defense has said to you, the budget before you represents a judgment by the executive branch of the Government which takes into consideration all the factors involved—not just the military factors—and arrives at a balance which appears best for the long-term security of the Nation. Moreover, this judgment was made after a full statement of the calculated risk involved in this stretch-out in production and the consequent extension of the dates on which the services will be modernized in their equipment.

Mr. Chairman, as this statement is to be placed in the record, I will paraphrase my remarks on the next point, which have to do with quality; that is, the quality of the machines.

QUALITY OF EQUIPMENT

Sometimes we hear criticism that they are putting too much quality in the machines, and I make a plea for having the right kind of machines, which I would be very glad to go into in executive session. I would point this out: That we are in the midst of the greatest revolution in applied science for destruction in history. The most sensational development in this field is the atomic bomb. The revolution also goes on in other fields. The jet engine is developing by leaps and bounds; and may be followed by nuclear propulsion. Electronics are in a stage of rapid development. When you add these all together you have a situation in which the changes in military destructiveness are taking place faster than at any previous time.

From this fact itself, it follows that there must be an especially high premium on quality. It is very important that the Air Force have the best equipment and training, or at least just as good equipment and training, as anyone else.

I have already referred to the emphasis which possible enemies are placing upon their air defense. The corollary of this is obvious—we must place a corresponding emphasis upon the machines which may have to deal with these air defenses.

The same need for quality applies to our own air defense. With modern weapons of the violence of the atomic bomb in the hands of possible enemies, we should concentrate heavily on the quality of the machines which may have to deal with enemy bombers which would carry these dreadful weapons.

The same is true in the tactical field. The revolution in weapons applies to the tactical field as well as the others. Whoever gets the qualitative jump in tactical operations will have great advantage over an enemy who has failed to keep up with the new developments of applied science.

There is one object lesson which should teach us not to be too complacent about the quality of our machines, and that is the excellent quality of the MIG–15. The fact that the other countries can make planes of this quality and can make them in quantity is something which should make us pause before we standardize too soon upon our production models. Even at the cost of delay in turning out numbers of aircraft we should, I believe, incorporate those changes which will assure our crews that they have as good, or preferably better, machines than those with which they would have to deal.

Therefore, for this reason, we must see to it that the quality of our machines is right.

EQUIPMENT SAFETY STANDARDS

Also, Mr. Chairman, there is the question of safety. We do have higher safety standards than other countries. For example, we use double-cable controls in all our combat aircraft, so that if one is knocked out the pilot will not crash. This complicates the airplane. But it gives our crews a better chance to survive if one set of the controls is knocked out by enemy action.

PRODUCTION LEAD TIME

There is one other point about production I would like to mention briefly, and that is lead time. Mr. Lovett has gone into this to some extent, but I would like to say that I think we tend to understate the amount of lead time. My own view is that the average figure of lead time for combat planes and heavy transports is nearer 24 months than 18 months. There are three factors which produce the lead time. First, the complexity of the modern airplane and the importance of having them of high quality.

Second, the fact that we are in a time of build-up during which the necessary processing and machine tools have to be gotten and the great complex of component and prime production has to be brought into action.

Third, we are doing all of this, not in a time of full mobilization in an all-out war, but on a partial mobilization basis which we may have to sustain for a long period of time.

These are serious obstacles, and will take a great deal of effort to overcome or even reduce to a proper measure their delaying effect.

AIR FORCE BUILD-UP

I want to emphasize two points about this build-up: First, that a large part of this build-up is on capital account. We are asking for money to get going on an increase of about 50 percent in the Air Force's combat wing strength.

It follows that the level-off period, once the force is built, would be at a lower annual cost than that asked for during the capital build-up period.

The second point about this build-up is that no reserves of aircraft or combat crews are provided in the program now submitted to you, except as they may be available out of the reconstituted Air National Guard and Air Reserve.

This involves a calculated risk.

MILITARY AND CIVILIAN PERSONNEL

Also, great savings have been made in personnel, Mr. Chairman. The 95-wing force presently authorized had an authorization of 1,061,000 military personnel. For a force 50 percent larger in combat wings, the personnel goes up only 14 percent to 1,210,000. Civilian personnel goes up a little bit more, namely, from 318,000 to 410,000, which is an increase of 30 percent.

Senator FERGUSON. What is that again?

Secretary FINLETTER. Civilian personnel goes up from 318,000 to 410,000. The authorized military personnel goes up from 1,061,000 to 1,210,000. Over-all, an increase of 50 percent in combat striking units is being provided with an increase of about 17 percent in personnel.

PROGRAM RECOMMENDED

I conclude by recommending this program to you. The source structure of 126 combat wings—or 143 wings if the troop carriers are included—is one which is indispensable to the security of this country and to our hopes of preventing another war. The date of readiness is not as soon as the military chiefs would like to see it, but on the whole the dates when the various units will come into being is an acceptable one.

The Air Force as it stands today is a strong force. It is already a great deterrent to war. Its power will increase if these appropriations are granted. As we build to and finally reach the force we are asking for in this appropriation, we will have a force which will make any possible enemy think a very long time before he attacks us. But the force we are asking for is indispensable. It has a vital part in our policy of trying to prevent the happening of war.

Chairman O'MAHONEY. Thank you, Mr. Finletter.

All right, Secretary Lovett.

Senator THYE. Might I ask one question there?

How does the civilian personnel compare to military personnel in expense to the Government? You state there that an increase of 30 percent over-all in civilian personnel has been made, and I just wonder, does the civilian personnel cost more?

Secretary FINLETTER. It totals out about the same.

Senator THYE. I mean man for man.

Secretary FINLETTER. That is what I am told.

Senator FERGUSON. Is that true when you figure pensions and everything else that goes along with it?

Secretary FINLETTER. Irrespective of pensions, I am told that they figure out about the same.

Senator FERGUSON. When you figure in pensions?

Secretary FINLETTER. No; irrespective of pensions.

Senator FERGUSON. You eliminate pensions?

Secretary FINLETTER. Yes; and education, and all that goes with the veteran.

Mr. HOOVER. The education which is part of the appropriation is included, but not the veterans' education.

Senator FERGUSON. You mean after he gets back home, that is not included?

Mr. HOOVER. No, sir.

MAID SERVICE IN JAPAN AND GERMANY

Senator YOUNG. Mr. Secretary, I would like to ask this question: Is the Air Force still furnishing maids for military and civilian personnel in Japan and Germany?

Secretary FINLETTER. I do not know. Could I insert the answer in the record, Mr. Chairman?

Chairman O'MAHONEY. Without objection, it is so ordered.

Senator YOUNG. If they are, would that be listed in the civilian personnel?

Secretary FINLETTER. I suppose so.

Senator YOUNG. I would like to read this news story sent to me this week from Australia, and this is dated at Melbourne, January 27:

> Immigration Department will allow 250 Australian girls to take jobs with the United States forces in Japan. The jobs, most of them, in luxury offices, pay an average wage of $3,000 a year. Tokyo reports yesterday said the United States occupation forces wanted Australian girls for secret secretarial work with the Far Eastern Air Force.

It goes on to say that girls who get Tokyo jobs will have Japanese servants, accommodations close to their offices, and undated return tickets to Australia.

Secretary FINLETTER. I am not familiar with that, Senator, and I would have to look into it and supply it for the record.

(The information referred to appears on pp. 126 and 193–194.)

STATEMENT OF HON. ROBERT A. LOVETT, SECRETARY OF DEFENSE

Senator YOUNG. I would like to ask Secretary Lovett if we are still furnishing maids to the military and civilian personnel in Germany and Japan? I was under the impression when I was in Germany recently that as of December 1, we had discontinued the practice of furnishing maids for civilian personnel in Germany.

Secretary LOVETT. That is my understanding.

Senator YOUNG. Is that practice still occurring in Japan?

Secretary LOVETT. I am not informed on Japan.

Senator FERGUSON. Why would they have one rule in Germany, Mr. Lovett, and a different one in Japan?

Secretary LOVETT. The difference is that in Germany the Government of the Federal Republic provides us deutschemarks, I believe, Senator Ferguson. The payments for certain services are provided in Germany through the deutschemark budget, not through dollars appropriated by Congress. The Army could, perhaps, give you details on it because this budget is coordinated by the Army command in Germany.

Senator FERGUSON. Would that not be true in Japan, through their currency?

Secretary LOVETT. It has been true up to this fiscal year, I think.

Senator YOUNG. Do you believe it necessary that we furnish maids to stenographers over in Japan?

Secretary LOVETT. No, sir. I am not completely informed on the detail, but I don't believe that we do, Senator Young. We will get the information for you.

Chairman O'MAHONEY. The committee will be very much interested, first, in obtaining the charge which is apparently contained in a newspaper story from Australia, and getting the full facts from the Department of Defense, with respect to this matter.

(The information referred to appears on pp. 126 and 193–194.)

INVESTIGATION OF WASTE BY MILITARY GROUPS

Senator YOUNG. I would like to ask this further question of Secretary Lovett. There is a general feeling among the public that our military budgets could be cut 2 or 3 billion dollars if we could eliminate waste and unnecessary spending, and I share that view.

Is there anyone within the Military Establishment charged specifically with the responsibility of running down wasteful and unnecessary expenditures?

Secretary LOVETT. Yes, sir; there are several groups that are charged with that.

Senator YOUNG. Who are they, for example?

Secretary LOVETT. For example, one of the controls is applied through the financial system of the Comptroller's office, and for example, in the Army there are special units which endeavor, as was previously explained, to eliminate waste.

In the case of the Navy, there is a presentation here today which shows you a process which is concerned with ships parts.

To go back to your earlier question, in which you referred to that letter, as far as I know there are no appropriated funds used at all for the payment of any maids of any kind in any of the areas.

Senator FERGUSON. On that point, is it not true that we take the deutschemark, and the yen in Japan, and then we appropriate money to take up the deficit that they may create in their own economy?

Secretary LOVETT. I am not sure I understand your question.

Senator FERGUSON. We are appropriating money to the German economy, and we are appropriating money to the Japanese economy, so that in effect our taxpayers are helping to pay for these services that are rendered. In other words, why should we lower their economy by using maids for our civilian employees, and why should not the employee pay out of his salary for the services he gets, and why should that be a Government cost?

Secretary LOVETT. I believe that is not a cost to our Government, Senator Ferguson; and, as I say, there are no appropriated funds that go to any such payment.

Senator FERGUSON. Why should we take the currency of the Germans and Japanese and pay for these services?

Secretary LOVETT. Up until the recent past, the occupying troops, while they were in occupational bases, made certain demands on the country in which they were stationed. The three countries, for example, now occupying Germany, under the High Commissioner rules, require certain things from the Germans—that is, buildings, services, and various sorts of supplies. That has been the practice also in Japan, but as we move into the treaty agreement with Japan, of

course, the return of their sovereignty removes the basis for some of these demands, and limits it to the terms of our agreement.

Senator FERGUSON. Why should a servant be furnished to an employee in Germany or Japan that is not furnished to him here in America?

Secretary LOVETT. Well, it is not furnished by America, Senator Ferguson.

Senator FERGUSON. But we require it; do we not?

Secretary LOVETT. Yes, sir; we require it the same as we require transportation on their railroads, and so forth.

Senator FERGUSON. What is it, a reparation?

Secretary LOVETT. Yes; and we are not using appropriated funds for it.

Senator FERGUSON. But we do not help to make up their deficit? We are giving them money because they lack funds.

Secretary LOVETT. Not through the military budget, sir.

Senator FERGUSON. Well, I know it is not through the military budget. We are doing it in foreign aid and economic aid, and all of the other procedures.

Chairman O'MAHONEY. Would that not be the appropriate time to look into that matter, when you have the Mutual Security appropriations before us?

Senator FERGUSON. I appreciate that. Senator Young's question indicated this does not make any difference to America, and I wanted to raise the question that it does make a lot of difference.

Senator YOUNG. We would no longer require these services of the Japanese Government under the treaty when approved.

Chairman O'MAHONEY. The chairman was suggesting that inasmuch as this question is based upon a newspaper story from Australia, which I take it was not before this morning exhibited to the members of this committee or to the Secretary and his colleagues——

Senator YOUNG. I have presented it to the Defense Establishment, but I do not have the answer yet.

Secretary LOVETT. We will get the answer.

(See p. 126, also pp. 193–194.)

DOMESTIC SERVANTS

Chairman O'MAHONEY. May I just finish this statement: that the Chair was asking that this question be laid right on the table with the Defense Department; that the Defense Department, through the Secretary and his three Department Secretaries, produce for the committee the full facts with respect to the furnishing of maids and other domestic servants to any of our military personnel or civilian personnel employed by the military in any part of the world. The committee, of course, is very much interested in that matter, and will want to have a searching inquiry made into the charge.

I think it is quite true, as some of the others said, that the public in the United States would not support the expenditure of Government funds, either directly or indirectly, for that purpose. But the Chair merely suggests that, in order to facilitate the termination of the hearing this morning, we postpone the examination of the Secretary until all of the facts have been obtained.

Senator FERGUSON. Mr. Chairman, in this report might we have, say, for the last 2 years, the number of civilian employees who have had these servants, and the number of military employees that have had these servants, and the costs, and who paid it, so that we would get the number, and it would apply here in America as well as in the foreign posts.

Secretary LOVETT. Certainly, Senator Ferguson, I will ask the three services to develop the figures for you, and to indicate the direct effect on the budget here; and the indirect, I am not able to trace out.

Chairman O'MAHONEY. So far as this military budget which we are examining is concerned, your testimony is that there is no money in this budget for any such purpose?

Secretary LOVETT. That is correct.

Senator YOUNG. May I ask a further question?

You mentioned awhile ago that there is personnel in the Defense Establishment whose duty it is to run down excessive costs or unnecessary expenditures.

Secretary LOVETT. That is correct.

Senator YOUNG. Who would you suggest I contact in the various departments on these many letters that I receive? There is hardly a day, Mr. Secretary, that I do not receive letters from some place throughout the world raising questions as to excessive expenditures.

Secretary LOVETT. In order to facilitate handling, I suggest that the easiest thing to do is to address it to the Assistant Secretary of Defense, Comptroller, Mr. W. J. McNeil, and we will then see that the information is obtained through the Comptrollers' offices in the three departments.

INVESTIGATION OF APPROPRIATED FUNDS

Chairman O'MAHONEY. The testimony this morning, Mr. Secretary, was to the effect, on behalf of the Army, that very comprehensive directions have been given to the Inspector General for additional investigations into the expenditure of appropriated funds. I know that the Department of the Air Force has established a civilian inspection service which at some detail goes into contractual operations in order to find out whether or not there have been any deviations from the role of honesty and integrity which we expect to have observed.

It is my understanding that in the Navy similar steps are taken.

I think it would be well, Mr. Secretary, if you would have prepared a full statement to be submitted through you, as Secretary of Defense, showing the details of the procedures which have been instituted and are being followed by each of these Departments to prevent waste and extravagance. I have listened and heard some of these reports which have come over the radio and are published in the papers, and I know from the hearings of last year that many of these instances of waste and extravagance have been due to conditions that existed before the 1952 appropriation bill was passed. Therefore, this committee would be interested to know what progress has been made since October 18, 1951, when the appropriation bill for the present fiscal year became law; and when, as you have already stated, new

steps were undertaken by the Department of Defense to conserve the appropriated dollar.

The committee realizes, as I think everybody in the room realizes, that the Nation faces a great dilemma. That dilemma is whether we can have adequate defense, particularly air power, without creating a deficit, and whether it is more dangerous to the United States and the free world for this country to incur another deficit now than it is to not push the preparedness program more rapidly than is envisaged in this budget. There are Members of Congress who sincerely believe that we are not producing weapons fast enough, and there are others who believe that if we increase the rate of production of weapons and thereby decrease the civilian economy we will undermine the free economy by creating a deficit, which will be more destructive, they think, than the danger of an aggressive war. And then, of course, all through the country the opinion is universal that every element of waste and extravagance and unnecessary expenditure should be eliminated.

When this subcommittee comes to examine the details of the various appropriations, I think you and your colleagues know from the work that was done a year ago that we shall endeavor to overlook no item. But at the same time I want to express my own personal appreciation of the effort which I know, Mr. Lovett, you have made, and the three Secretaries—Secretary Pace, Secretary Kimball, and Secretary Finletter—and your associates, both in the Comptroller's office and in the budget offices of the three services, to keep the expenses down.

Secretary LOVETT. We will get up such a list, with great pleasure.

(See pp. 54 to 56, also pp. 130 to 141.)

Senator CHAVEZ. I am glad the chairman made that statement. I feel sure that I can say for the committee as a whole that they do have confidence in you, Mr. Secretary, and the three Secretaries. But there is no question in my mind but that there are millions of American people who actually believe that there is a lot of waste in the efforts for national defense, and I would like to dissipate that idea; and that is why I feel that the information that you should furnish will be helpful.

Secretary LOVETT. Senator Chavez, we are very aware of that; and, in fact, as members of the public ourselves, we are disturbed by the variey of stories which deal with waste. Some of them appear ludicrous, but even the ridiculous aspects of them have their detrimental effects on our program. So that we are earnestly involved in searching them out, and we are prepared to deal with the various charges, item by item, at the appropriate time, and we will do our best to cut out any of the wasteful practices that we can.

I think some of the exhibits that Admiral Fox has selected here will show you some methods that we have employed in a single service that apply to all three services. I think that will be a comfort to you; I hope it will, sir. And we will make them available elsewhere if the time runs out here. Admiral Fox says he will be very glad to come to your office and give you the presentation at any time to suit your convenience.

Senator FERGUSON. Is there any difference between the three services when it comes to putting into effect these measures to prevent waste and extravagance?

Secretary LOVETT. Not a bit, except in minor details.

For example, the method of controlling parts for ships would differ from the method of controlling parts for equipment such as automotive equipment and tanks, and so on, but that is only in detail. In the broad substance of control, it is identical.

Senator FERGUSON. In acquiring or obtaining foods and supplies generally, they are all produced as common items?

Secretary LOVETT. On the common items of supply, they are virtually identical; and on the special-weapon type the methods of control differ, Senator Ferguson, but we can bring that all out very simply in the executive hearings.

VISUAL EXHIBIT

Chairman O'MAHONEY. Now, Mr. Secretary, if you will be good enough to proceed with the unveiling, we will have an exhibit here.

Secretary LOVETT. Before doing so, I would like to point out that the purpose in this visual exhibit is to emphasize something that this committee is uniquely aware of, and many other Members of the Congress are not, and that is the tremendous complication which has been injected into the military system, not only by the technological advances over the past 2 years but also by the fact that we are getting up to speeds that exceed the competence of the eye, at altitudes which you cannot penetrate visually, and require, therefore, a type of coordination that is a little too fast for the human body. No one has redesigned the body adequately to keep up with some of these things.

Senator FERGUSON. Is this, Mr. Lovett, actually now in use?

Secretary LOVETT. This is actually a production item, sir.

Senator FERGUSON. It is a production item.

Secretary LOVETT. We will show the difference in cost between the World War II type of thing, and the modern one, as well as the complexity and the reason it takes so long to manufacture.

Senator FERGUSON. And will you also explain to us, then, how this is more efficient than the last one?

Secretary LOVETT. Yes, sir, within the limits of security, we will cover that in general terms.

Senator FERGUSON. Because I think that that is a very material point, if this new machine is not any better than the old one.

Chairman O'MAHONEY. Senator Ferguson, the impression that is made on my mind, from what I have observed of this and other so-called fantastic weapons, is that the revolution of applied science, to which Secretary Finletter referred in his statement, is so tremendously expensive in terms of the economy which we have been accustomed to, and which we want to preserve, that science is rapidly making war impossible by those who wish to preserve an economy that is based upon individual enterprise and individual freedom.

Senator FERGUSON. I cannot go along with the chairman.

Chairman O'MAHONEY. I say it is getting toward that point.

Senator FERGUSON. I think it is getting up to that point, but I believe that it is up to the people who believe in the individual enterprise system not to allow it to get to that point.

Chairman O'MAHONEY. With that I agree; there is no disagreement between the Senator from Michigan and myself on that point.

Senator FERGUSON. But I think that in most of these things, and I understand this is a bomb sight——

NAVIGATIONAL RADAR SIGHTS

Secretary LOVETT. No, sir; it is a combination of navigational-radar sights, and so on.

Senator FERGUSON. But I think the best evidence is always the photographs after they come back, what is known as the debriefing, and so forth, as to what these instruments really do.

Secretary LOVETT. Mr. Chairman, the main purpose is to inform the committee, and through the committee the public, of the enormous difficulty and the complexities that we face as we go hurtling around at slightly subsonic and occasionally supersonic speeds at altitudes which make it utterly impossible to see the earth except in rare occasions.

Chairman O'MAHONEY. You are traveling over our heads, in other words.

DISCUSSION OF SUPPLIES PER MONTH PER MAN

Secretary LOVETT. Yes, sir. I think it has been said—and I do not know whether it is a fact, but it does not seem out of proportion—that in the early days at the time of the Revolution, it took about 400 pounds of supplies per month per man. In World War II it was 44 pounds per man per day.

Senator FERGUSON. Mr. Lovett, is it not 100 pounds per man now in the Korean theater? I mean a day; it is 100 pounds per day.

Secretary LOVETT. In World War II it is 44 pounds per man per day; and it runs in the order of, I think, 60 pounds per man per day at present. So that you get into large figures, and I think that that is the only purpose——

Senator FERGUSON. It is 60 pounds per day per man?

Secretary LOVETT. Yes.

Senator FERGUSON. I understood it was about 100 pounds per day at the front, compared to the Chinese of 10 pounds, that is individuals I am talking about.

Secretary LOVETT. There is a difference there, of course. This, of course, includes equipment, and it is a yardstick to measure the enormous amount of money involved.

Senator FERGUSON. It is the logistic problem you have.

Secretary LOVETT. Yes, sir.

Chairman O'MAHONEY. You are measuring the weight of the equipment in relation to the total number of persons in uniform?

Secretary LOVETT. That is right.

Chairman O'MAHONEY. And not to the total number of persons on the fighting front?

Secretary LOVETT. That is right.

Chairman O'MAHONEY. So that you might easily have 100 pounds per day per man on Korea, but the average would be different than that.

Senator THYE. That includes the naval equipment, and transporting the freight and transporting troops by water, or in the air if you are transporting them by air?

Secretary LOVETT. No, sir, Senator Thye, it does not.

Senator THYE. In other words, this is from what you would say at the base, whether they are on foreign soil or here?

Secretary LOVETT. This is a comparable Army military figure.

Senator THYE. And it does not include the water transportation?

Secretary LOVETT. No, sir. It is based on combat consumption.

Admiral FOX. That is all-inclusive, and the great increase is in the tremendous increase in fire power, the enormous tonnage of bombs, shells; I dare say one battery of artillery would fire far in excess of 100 pounds per day per man, and it is all-inclusive of everything.

Senator FERGUSON. That is all-inclusive; that is those that do not fire, and all?

Admiral FOX. That is what it takes to support one man.

Secretary LOVETT. I will indicate this comparative complexity exhibit here.

Secretary FINLETTER. If it is satisfactory to you, we will show a few charts here while they are getting that ready.

I want to say also, Mr. Chairman, that what is being shown to you here is completely cleared for security.

Chairman O'MAHONEY. Let me interrupt, Mr. Secretary. You and your guards here will supervise the approach of any persons to the mechanism.

Secretary FINLETTER. May I show the charts first?

Chairman O'MAHONEY. That is all right to do that, Secretary Finletter.

Secretary FINLETTER. I want to say at the outset, the figures given on these charts, as well as the showing of the K–1 sight over there, have been completely cleared for security, and nothing is being shown to you that cannot be made public. It is the same way with photographs and everything that is in this room. There is no question of security involved.

COST AND COMPLEXITY OF MODERN PLANE

Very briefly, let me run through the charts, the purpose of which is to show you the additional complexity of the modern plane, and the additional cost of it.

For example, here we have the engineering time required in a typical World War II fighter, the number of hours that are required. It is a figure of 600, increased to 72,520.

Then there are the wind tunnel figures.

Chairman O'MAHONEY. Would you mention the figures, because otherwise the record would be unintelligible.

Secretary FINLETTER. We are trying to show the direct engineering man-hours required for a typical World War II fighter, and for the present corresponding fighter.

For example, in the case of aerodynamics, the World War II fighter has 600 hours; whereas the present fighter has 72,520.

In the case of wind tunnel time, it is: World War II fighter, 2,077, as against 42,006, or a net increase of 21 times.

The World War II fighter on the stress had 2,985; whereas the modern fighter has 116,000.

On detailed design, the World War II fighter required 34,900 hours; whereas the modern fighter requires 640,000 hours.

Our flight test, for the World War II fighter it was 725 hours; and the modern fighter has 84,817 hours.

Research had none in the case of World War II fighters; and for the modern fighter it has 66,512 hours.

Adding up the total, we find, of direct engineering man-hours, the typical World War II fighter had 41,880 hours; whereas the typical fighter of today has 1,131,992, or an increase of 27 times.

Senator CHAVEZ. That last figure, Mr. Finletter, what is that?

Secretary FINLETTER. This is the number of drawings, in the case of World War II fighters it was 1,100, as compared to 6,572 at the present time.

Senator FERGUSON. This has nothing to do with the actual production of the plane, as I understand it; this is engineering hours in order to produce that type of a plane?

Secretary FINLETTER. That is correct.

Chairman O'MAHONEY. Now, Mr. Secretary, I was very much impressed during World War II with the statement that was given to us to the effect that 100 tons of paper were used to prepare the plans for the Normandy landing. Have you any idea how much paper is being used in the drawings to which you refer?

Secretary FINLETTER. I cannot imagine, Mr. Senator.

Chairman O'MAHONEY. If you have any estimate, put it in the record.

(The following statement was supplied.)

No estimate is available.

PRODUCTION COMPLEXITIES OF MODERN AIRCRAFT

Secretary FINLETTER. Now, very quickly—and these are just typical comparisons of World War II fighter with a typical fighter now. For example, in combat weight, the World War II fighter was 9,500 pounds; whereas the present one is about 14,000 pounds.

Now, the maximum power in thrust horsepower of the World War II fighter was about 1,500; whereas for the present one it is something over 10,000.

Senator FERGUSON. Is this jet power?

Senator FINLETTER. This is jet power; yes.

The maximum speed was 400 to 500; and the present one goes 600 to 700 miles per hour.

The maximum altitude was around 35,000 feet; and the present one is around 45,000 feet.

As you can see, Mr. Lovett was referring to this a moment ago, the fact that we are now going faster than is really quite sensible, and certainly we are now going so fast that it is not within the capability of the human body to see things, to make calculations, and to operate visual equipment and that leads us to why we have this complicated bomb and navigation operation here.

Here is one bit of statistics which might be interesting, and that is in the electrical system comparison of a typical fighter of World War II, which had 515 wires totaling 1,545 feet; whereas the modern fighter has 5,500 wires totaling 22,916 feet.

Now, here are some brief figures on costs.

Senator FERGUSON. Before you go into that, Mr. Secretary, have we reason to believe that the MIG, the Russian fighter, is using a similar amount of hours and time and material?

Secretary FINLETTER. Well, on hours and time and material, probably not as much electronically, possibly, Senator; but after all, the MIG is a good plane because of its engine, and the engine is a very good one.

Senator FERGUSON. It is the British engine, is it not, improved?

Secretary FINLETTER. It is an improved version of the British engine; yes.

If I may give you some figures here, again comparing typical fighters of World War II and the present, for example, in engineering hours here we have 414 hours at a cost per hour for World War II fighter of $1.69, and a total engineering cost of $698. This is for the first 620 airframes, and this is just the airframe, by the way; and this is also for the first 620 airframes of the modern fighter. The airframe weight, as you can see, has nearly doubled, and the engineering hours have gone from 414 to 3,230, and the cost has gone from $1.69 per hour to $6.04, and the total engineering cost has moved from $698 to $19,529.

Senator THYE. Is there any hope that you can reduce that engineering cost as you proceed with your production and you have developed the complete engineering and the efficiency in the program?

Secretary FINLETTER. That is true, when you get into quantity production your engineering costs should go down.

Senator THYE. This is your first initial engineering cost as you develop the type of plane; and once you have developed, you have tools and you have the pattern, and then your engineering costs will go way down?

Secretary FINLETTER. This is for the first 620 airframes; and, on the other hand, we must recognize that the models are constantly changing, and even the plane which is numbered the same throughout has different types. And so it is not exactly the same thing as reaching a final production model. There always will be engineering changes.

Senator FERGUSON. Can that be photographed, that chart?

Secretary FINLETTER. Yes. There is no reason why it cannot be photographed.

On the question of the tooling hours again, we have 877 for the World War II fighter at $2.33 per hour, or a total tooling cost of $2,044. Now we have 4,190, or about five or six times the number of hours, with an increase in cost from $2.33 an hour to $5.59.

Senator FERGUSON. Your wages are more than doubled, and almost four times on the engineering.

Secretary FINLETTER. Yes. It is a combination of increased number of hours, plus wages; and if it is satisfactory to the chairman, I will merely give the summary here, to point out that in the case of the total cost, per airframe, of the first 620 of the World War II fighter, we had $26,741; whereas with the modern fighter we have $179,309.

Chairman O'MAHONEY. That is per unit?

Secretary FINLETTER. Yes.

Senator FERGUSON. The labor rate is $8.73?

Secretary LOVETT. That is a mistake. It should be 87.3 cents, I think.

Secretary FINLETTER. Yes, it is 87.3 cents, compared to $1.80.

Chairman O'MAHONEY. I want to suggest that these tables be furnished, to be included in the record when the record is printed.

Secretary FINLETTER. We will insert those in the record.

(The tables referred to follow:)

Cost comparison, typical fighter

	World War II actual unit cost first 620 airframes 1941–42	Now estimated unit cost first 620 airframes, 1951–52
Airframe weight (pounds)	4,268	8,137
Engineering hours	414	3,230
Cost per hour	$1.69	$6.04
Engineering cost	$698	$19,529
Tooling hours	877	4,190
Cost per hour	$2.33	$5.59
Tooling cost	$2,044	$23,425
Factory labor hours	7,375	22,713
Labor rate	$0.873	$1.80
Factory labor	$6,441	$40,883
Burden rate (percent)	90	135
Burden	$5,823	$55,192
Matériel	$11,735	$40,280
*Total airframe cost less G/A and profit	$26,741	$179,309
Radar and rocket fire control and navigation equipment		$77,500

Engineering time required, direct engineering man-hours [1]

Typical fighter	World War II	Now	Net increase
Aerodynamics	600	72,520	120 times.
Wind tunnel	2,077	42,006	21 times.
Stress	2,985	116,075	38 times.
Detail design	34,963	640,381	18 times.
Flight test	725	84,817	120 times.
Research	None	66,512	
Miscellaneous	530	109,681	200 times.
Total hours	41,880	1,131,992	27 times.
Number of drawings	1,100	6,572	6 times.

[1] To first flight.

General comparison of typical fighter

	World War II	Now	Net increase
Combat weight, (pounds)	9,500	14,000	1½ times.
Maximum power (thrust horsepower)	1,500	[1] 10,000	7 times.
Maximum speed (miles per hour)	400–500	600–700	1½ times.
Maximum altitude (feet)	35,000	[1] 45,000	1⅓ times.

[1] Over.

*G/A; General and Administrative Expense.

Electrical system comparison

Typical fighter:

World War II: 515 wires totaling 1,545 feet.

Now: 5,500 wires totaling 22,916 feet.

CONTRAST OF NORDEN AND K–1 BOMB SIGHT

Secretary FINLETTER. Now, gentlemen, the only point of this elaborate collection of things over here is to contrast for you the Norden bomb sight, which you see over there—the Norden bomb sight is the bomb sight of World War II, used for visual operations. For the first 300 production items the cost of that was $8,000 per item, Mr. Chairman, as you know. As you can see, it is a fairly complex machine, and the things surrounding it are various instruments which the pilot had.

I know that you are pressed for time, but I want to tell you that all of that thing is the K–1 bomb sight; and with the chairman's permission, I will not try to answer Senator Ferguson's question as to whether all of that, which costs $250,000 as opposed to the $8,000 for the Norden bomb sight for the first 300 items——

Chairman O'MAHONEY. My understanding is that you are saying that the Norden bomb sight in World War II cost $8,000 per unit, and that this new system costs $250,000 per unit; and I also understand that the bomb sight, the new bomb sight, is not that material which is above the table, but there is considerable of the mechanism below the table?

Secretary FINLETTER. That is right, the whole K–1 system weighs about 1 ton, and the Norden bomb sight weighs about 50 pounds.

Senator FERGUSON. I understand to do similar work to that of the Norden, which is on the first table, and that went into a plane, that this now goes into the plane, what is on the other table plus what is under it?

Secretary FINLETTER. That is correct, and with your permission I will not go into explaining why that very complicated affair over there on the table and on the ground is better than this other one, except to say that generally speaking, this thing makes all of the calculations itself, many of which were made by hand in the other one; and also, that this operates through overcast and bad weather. For any further explanation of that, I would like to ask permission to go into executive session.

Senator FERGUSON. That would have to be in secret session; yes.

Secretary FINLETTER. There is just one thing here that the committee might be interested in. Here is a cross-section of the wing of the B–47 as it joins the fuselage, and as the chairman will see, that is fairly thick and that is tapered out both ways.

Over here on the left is a much simpler affair for the B–17, and the colonel will show how thin that is.

That is all, Mr. Chairman, we have for the Air Forces.

Chairman O'MAHONEY. For the record, will you please state the thickness of the B–17 wing skin?

Secretary FINLETTER. This is three-sixteenths of an inch; and this is five-eighths of an inch. It is five-eighths of an inch for the wing skin of the B–47, and three-sixteenths of an inch for the wing skin of the B–17.

Senator HILL. Are they both the same material?

Secretary FINLETTER. They are both aluminum.

Senator FERGUSON. What is known as virgin aluminum, is it not?

Secretary FINLETTER. I can get the exact composition of the alloy.

Secretary LOVETT. It is virgin aluminum, and this five-eighths inch is at the wing butt, and tapers out to three-sixteenths at the wing top, so that it requires a tapered roller, which is an important item in the cost. The other was just flat.

If we have time, the Army has a very short visual presentation.

VISUAL PRESENTATION BY ARMY

Chairman O'MAHONEY. Very well, it may be presented.

Mr. BENDETSEN. Mr Chairman, I should like, with the permission of the committee, by way of example only, to illustrate three things.

The first thing I would like to illustrate is how we are undertaking to conserve scarce materials, in the national economy. My first example is to present some field wire, which is an important element of our entire communications system in combat.

I have before you the large reel which was the World War II reel of field wire for a half mile. It weighed, with the drum and the wire, 70 pounds per half mile.

I have next to it, if you will please display it, the present reel, which has no metal except in the rings which are strapped to the man's back, and it weighs 24 pounds per half mile, 48 pounds per mile. We have replaced the rubber covering with plastic; and we have reduced the size of the wire, with a greater capacity. We use 30 percent less steel, and 15 percent less copper, and no rubber.

The price of the World War II wire in today's market is approximately $110 per mile; the new wire, with its various improvements costs $87 per mile.

We have in our fiscal 1952 procurement saved 42.9 million pounds of steel and 2.9 million pounds of copper, in this improvement.

I should like to refer next to a common item of Signal Corps equipment.

Chairman O'MAHONEY. Your reference to copper, Mr. Secretary, reminds me of the fact that in the Economic Report the President made the statement:

> military production and construction will claim more than a fourth of our copper supply and half of our aluminum supply.

Mr. BENDETSEN. We are very conscious of the drain.

Senator FERGUSON. Is that true with both virgin and secondary aluminum?

Mr. BENDETSEN In aluminum, the figure you gave, as I understand it, is across the board for the Defense Department, of all types of aluminum, and not worked out by category.

Senator FERGUSON. Would you be able to get for the record the broken down items so as to show how much of the virgin aluminum and how much of the secondary they use?

Mr. BENDETSEN. That can be supplied on a quarterly forecast, yes, sir.

Senator FERGUSON. I would like to have that.

(The information referred to follows:)

Army equipment specifications for material requiring aluminum reference the applicable Federal or military specifications wherever possible. Physical characteristics such as tensile strength, ductility or hardness may be specified to insure desired results. The Army specifies virgin aluminum and the amount required to produce required physical properties will vary with the analysis of the scrap employed and the ability of the furnace operator in blending the

melt. Secondary aluminum may be either cheaper or more expensive than virgin aluminum depending on many factors. From standpoint of the Army, the secondary aluminum may fulfill service requirements much better than would virgin aluminum. The Army, therefore, maintains no figures showing the breakdown between virgin and secondary aluminum used in filling the over-all requirement.

Senator THYE. I would like to ask this question of the Secretary.

Once that wire is strung out, can you rewind it and save it as you either retreat or wish to use it in a new area?

Mr. BENDETSEN. We can, and we do reclaim it, Senator Thye, under all conditions where we can. This wire and the covering is more durable and more resistant under conditions of combat than the old wire. And therefore, we do reclaim a much larger portion, and that is also a saving.

I should like to point out in the same vein to the committee the World War II battery of a given size and weight, and the present battery which goes in the walkie-talkie field radios which are used by the combat arm. Here Colonel Belieu shows you a photograph of the comparative sizes of the two radios serving the same purpose as in World War II and the present day in which these batteries are used. There is a substantial amount of saving in materials in the new smaller radio and battery.

Senator FERGUSON. Mr. Secretary, I heard on the radio yesterday morning that they have a radio that weighs about 6 pounds now.

Mr. BENDETSEN. That is the handy-talkie.

Senator FERGUSON. Could that be used for the same purpose?

Mr. BENDETSEN. That hasn't the same range, and it cannot be used for the same purpose.

Senator FERGUSON. What is the length or distance that you can use this radio you are talking about?

Mr. BENDETSEN. This has about a 5-mile range, and it is called the walkie-talkie.

Senator FERGUSON. What is the smaller one's range?

Mr. BENDETSEN. It is about 1 to 2 miles, and it is issued to the front-line units in the infantry company. As you have to cover a wider range at the battalion or regimental level, we use the larger set with the greater range, and try not to issue the larger ones where we do not need them for the requirement imposed.

Chairman O'MAHONEY. Mr. Secretary, do you have any more exhibits?

ANTIPERSONNEL MINE

Mr. BENDETSEN. I would like to show you the antipersonnel mine. I have here in my right hand the antipersonnel mine of World War II. It weighed approximately 9 pounds, and it cost $15. It had to be tripped by coming across a wire.

Today, the present antipersonnel mine I show you has the same explosive power, but weighs only 4½ ounces and has no metal except for a small ring which is almost of infinitesimal weight. It is far cheaper and more effective.

Senator FERGUSON. What does it cost?

Mr. BENDETSEN. It costs about $4.

Senator FERGUSON. Do you know what it costs the Chinese in the Korean war to make their mine?

Mr. BENDETSEN. I do not have those figures, Senator.

ANTITANK MINE

I would also like, if I may, to show you the comparison of the antitank mine. This is a new plastic mine. As compared with the World War II mine which weighed 20 pounds largely composed of steel, we now have a plastic mine which uses practically no metal, and we have increased materially the explosive content.

Chairman O'MAHONEY. How much does that weigh?

Mr. BENDETSEN. It weighs a little more than the World War II mine, but it has a much greater explosive content and uses no metal.

Senator FERGUSON. Can you get for the committee the efficiency of these mines compared to the North Korean and the Chinese mines? They use just wooden boxes.

Mr. BENDETSEN. We would be prepared to go into that in executive session.

Senator FERGUSON. That is what I mean, the efficiency of these as compared to theirs.

Mr. BENDETSEN. Yes, sir.

Now, if I may, I would like to turn to another illustration of why costs have gone up. I would like to compare the antiaircraft weapon used during World War II against attack aircraft of that day and time, with their speed and characteristics, as compared to what is required to serve the same purpose today.

ANTIAIRCRAFT WEAPON

I have here before me a World War II, 40 millimeter antiaircraft weapon, which then in production cost about $10,000 apiece.

I have on the left a fully automatic antiaircraft weapon known as the Skysweeper. Of course, its details are classified. However, the model as shown, without regard to the details involved, is not.

This is a radar-controlled type of antiaircraft weapon which is required because of the speed and the rate of climb and the action of the present-day high-speed planes.

I call the committee's attention to the fact that over the past few months, ground fire in the action in Korea has had a telling effect, as you gentlemen know, upon our aircraft. By ground fire, we can protect our troops and our field installations to a considerable degree if we have the kind of a weapon I show you here.

The cost of the Skysweeper, which of course includes the initial engineering expense, will drop as we go into standard production. However, it presently costs $275,000 per unit as compared to $10,000 for the World War II equipment.

Senator FERGUSON. You are comparing different guns. You had a 90 millimeter in the Second World War.

Mr. BENDETSEN. But that was not used for this purpose; the 90 millimeter and the 120 millimeter were used against high-flying bombardment aviation of World War II, and not against close-in attack or fighter-bomber aircraft. That was the purpose of the 40 millimeter World War II gun here. It was often mounted in pairs, and we also used the 50-caliber machine gun, again often in pairs and in quadruple forms. They are no longer fully adequate against planes with present-day military characteristics, which would be used against us.

The new, more expensive skysweeper I have shown you has been developed to meet planes which would be used against our forces which did not exist in World War II.

Senator FERGUSON. Are you finding now that the Soviet guns in the Korean war are efficient and are taking great toll?

Mr. BENDETSEN. They have a very telling effect.

Senator FERGUSON. Are they radar-controlled?

Mr. BENDETSEN. I would like to discuss that, if I may, with the committee in executive session.

Chairman O'MAHONEY. Now, the bells you have heard were the quorum call to the Senate, and many members of the committee have to go.

Mr. BENDETSEN. I would like to show you one of the exhibits for the economy drives in one of the continental armies. I placed in the record a story about the First Army in the United States. These posters, you see, are representative of the effort to build cost-consciousness throughout the Army. This is the Third Army publicity effort to build a real consciousness of supply economy and it is representative of what is being done throughout the service.

Senator FERGUSON. These are posters in the various places in the service?

Mr. BENDETSEN. In training areas and barracks and in the field, and there are a great number of them. And our reports show that they have had a very telling effect.

Senator CHAVEZ. Mr. Secretary, of course that goes to personnel as a whole in the Army now?

Mr. BENDETSEN. Yes, sir.

Senator CHAVEZ. Are you trying to get the boys that I and the rest of the Senators, or some of us, send to West Point, to get that kind of consciousness?

Mr. BENDETSEN. We are, throughout the Army; and I would like to discuss that, when there is time, in greater detail.

Chairman O'MAHONEY. The committee will stand in recess until tomorrow morning at 10 o'clock, when we will begin the questioning, and I think that probably should be in executive session so that you will be at greater liberty to discuss details.

Secretary LOVETT. Then the three Secretaries will be here; and you can excuse me?

Chairman O'MAHONEY. That is right.

Secretary LOVETT. Do you want the Navy presentation at the Pentagon, or could you give Admiral Fox about 15 minutes tomorrow morning? It is nothing but charts, and it will take about 15 minutes.

Chairman O'MAHONEY. We will be very happy to have Admiral Fox give that in the morning.

Secretary LOVETT. Thank you.

(Whereupon, at 12:15 p. m., Tuesday, February 5, 1952, the hearing was recessed until 10 o'clock a. m., Wednesday, February 6, 1952.)